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MONTANA CONSOLIDATED PLAN ANNUAL ACTION PLAN

PLAN YEAR
April 1, 2002 -- March 31, 2003

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MONTANA
CONSOLIDATED PLAN
ANNUAL ACTION PLAN

PLAN YEAR
April 1, 2002 -- March 31, 2003

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EXECUTIVE SUMMARY

Each year Montana submits an Action Plan illustrating how community planning and development resources will be utilized to improve communities throughout the State. The State's goals include: increasing the supply of decent, safe, affordable housing, especially for low and very low-income families and individuals; providing housing for special needs populations such as the elderly, disabled and homeless; and expanding economic opportunities in order to improve the living conditions for low and moderate income groups. The Action Plan is for the 12-month period beginning April 1, 2002. The Plan, developed with the input of citizens and community groups, serves four major functions:

- It is the State's application for funds available through the three Department of Housing and Urban Development (HUD) formula grant programs that are administered by the State of Montana: the Community Development Block Grant (CDBG), the Home Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs;
- It is the annual planning document, built through public input and participation, for CDBG, HOME, ESG, and other related Programs;
- It lays out the funding resources expected, the method of fund distribution and the actions the State will follow in administering HUD programs; and
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

The Montana Department of Commerce (MDOC) administers the Community Development Block Grant program, the Home Investment Partnerships program and the Consolidated Plan. The Department of Health and Human Services administers the Emergency Shelter Grant Program.

The State supports the Annual Action Plan with additional documents including the *Montana Economic and Demographic Analysis,* updated in September 2001. This document and other studies, evaluations, and previous Consolidated Plan reports, help individuals, communities, and organizations meet the three basic goals of the CDBG, HOME, and ESG programs, and provide useful information for the public and legislature.

The Annual Action Plan provides details to citizens, public agencies, and other interested parties on the amount of assistance Montana expects to receive, the range of activities that may be undertaken, and the general program activities that may be planned in addressing the priority needs.

CONSOLIDATED PLAN DEVELOPMENT PROCESS

Updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the State strives to improve the delivery of assistance

to the people of Montana. The State supports policies and programs that support decent, safe, affordable housing, services for the homeless and other non-housing community development activities, such as infrastructure enhancement and economic development. The update process consists of several distinct steps, including:

- Advisory and policy formation functions;
- Interagency cooperation and coordination;
- Consultation and outreach with concerned citizens and organizations;
- Public awareness of the citizen involvement process; and
- Delivery of program services.

Advisory and Policy Formation Functions

Throughout the year, MDOC has interacted with other agencies and organizations with a commitment to better develop housing strategies. MDOC has maintained its commitment to inform others of their responsibility to participate in the Consolidated Plan process and to promote affordable housing in local communities. In recent years, MDOC has supported a broad-based "team" approach to address affordable housing issues through the formation of the CP Steering Committee, Housing Coordinating Team, and Housing Working Group. The MDOC has been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team (W_2ASACT), which was formed in 1982 to address infrastructure issues. These committees and groups continue to provide direction and input to the Consolidated Plan.

Interagency Cooperation and Coordination

Members of the Consolidated Plan Steering Committee, with representatives from the HOME, CDBG, ESG and MBOH programs and Fannie Mae's Montana Partnership Office met repeatedly throughout the plan development process to review the status of the Action Plan development. In addition, other agencies, such as the Montana Department of Environmental Quality (DEQ), the Montana Department of Natural Resources and Conservation (DNRC), the Montana Department of Public Health and Human Services (DPHHS) – Intergovernmental Human Services Bureau, the Montana Department of Labor and Industry (DOLI) – Human Rights Bureau were solicited for input on specific topics contained in the Action Plan and supporting studies.

Consultation and Outreach with Citizens and Organizations

As part of the plan update, numerous outside agencies and individuals were contacted. Organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the Action Plan and related studies.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for Plan Year beginning April 1, 2002 is based in part, on current and past research studies and analysis of housing, infrastructure and economic development needs. An analysis conducted during the current planning cycle is the *Economic and Demographic Analysis of Montana*. Contact the Montana Department of Commerce, Housing Division, 836 Front Street, Helena, MT 49602 for information on this and other publications. Visit the Housing Division website at:

http://commerce.state.mt.us/Housing/Hous_Home.html

or the Consolidated Plan website at:

http://commerce.state.mt.us/Housing/Hous_ConsPlan.html

FEDERAL RESOURCES EXPECTED

Community Development Block Grant Program (CDBG)

The Community Development Division and the Business Resources Division of the Montana Department of Commerce administer the CDBG program. For Plan Year beginning April 1, 2002, the State will receive $8,070,000 in federal CDBG funds for award to local governments. Of these dollars, approximately $2,575,000 will be allocated for economic development projects, which are administered by the Business Resources Division. Another portion will be allocated for public facility projects and housing projects, which are administered by the Community Development Division.

The CDBG program also anticipates that an undeterminable amount of program income will be generated. Grantee communities that have an approved CDBG program income plan are allowed to retain the funds for further CDBG-eligible activities. All program income is reported to the CDBG program annually.

Home Investment Partnerships Program (HOME)

The HOME Program, administered by the Housing Division, expects estimated funds of $4,618,000 for Plan Year beginning April 1, 2002. Funds will be used for developing affordable housing for persons of low and very-low income.

In addition, the HOME Program anticipates that an undeterminable amount of program income will be generated. Grantees that have a Program Income Plan approved by the HOME Program are allowed to retain the funds for further HOME eligible activities. All program income is reported to the HOME Program annually.

Emergency Shelter Grant Program (ESG)

The Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (DPHHS) anticipates that $370,000 will be made available for the ESG program.

Low-Income Housing Tax Credit Program (LIHTC)

The Montana Board of Housing administers the Low-Income Housing Tax Credit Program. The Board receives authority to allocate the tax credit through the Internal Revenue Code. Annual estimated authority is $2 million.

INTRODUCTION

Each year Montana submits an Action Plan illustrating how community planning and development resources will be utilized to improve communities throughout the State. The State's goals include: increasing the supply of decent, safe, affordable housing, especially for low and very low-income families and individuals; providing housing for special needs populations such as the elderly, disabled and homeless; and expanding economic opportunities in order to improve the living conditions for low and moderate income groups. The Action Plan is for the 12-month period beginning April 1, 2002. The Plan, developed with the input of citizens and community groups, serves four major functions:

- It is the State's application for funds available through the three Department of Housing and Urban Development (HUD) formula grant programs that are administered by the State of Montana: the Community Development Block Grant (CDBG), the Home Investment Partnerships (HOME), and the Emergency Shelter Grant (ESG) programs.
- It is the annual planning document, built through public input and participation, for CDBG, HOME, ESG and other related Programs.
- It lays out the funding resources expected, the method of fund distribution and the actions the State will follow in administering HUD programs.
- It provides accountability to citizens for the use of the funds and allows HUD to measure program performance.

The Montana Department of Commerce (MDOC) administers the Community Development Block Grant program, the Home Investment Partnerships program, and the State of Montana Consolidated Plan. The Montana Department of Public Health and Human Services (DPHHS) administers the Emergency Shelter Grant Program.

The State supports the Annual Action Plan with additional documents, including the *Montana Economic and Demographic Analysis*, updated in September 2001. This document and other studies, evaluations, and previous Consolidated Plan reports, help individuals, communities, and organizations meet the three basic goals of the CDBG, HOME, and ESG programs, and provide useful information for the public and legislature.

The Annual Action Plan provides details to citizens, public agencies, and other interested parties on the amount of assistance Montana expects to receive, the range of activities that may be undertaken, and the general program activities that may be planned in addressing the priority needs.

CONSOLIDATED PLAN DEVELOPMENT PROCESS

Updating the Consolidated Plan for housing and community development is an on-going process. Throughout this process, the State strives to improve the delivery of assistance to the people of Montana. The State supports policies and programs that support decent, safe, affordable housing, services for the homeless and other non-housing community development activities, such as infrastructure enhancement and economic development. The update process consists of several distinct steps, including:

- Advisory and policy formation functions;
- Interagency cooperation and coordination;
- Consultation and outreach with concerned citizens and organizations;
- Public awareness of the citizen involvement process; and
- Delivery of program services.

ADVISORY AND POLICY FORMATION FUNCTIONS

Throughout the year, MDOC has interacted with other agencies and organizations with a commitment to better develop housing strategies. MDOC has maintained its commitment to inform others of their responsibility to participate in the Consolidated Plan process and to promote affordable housing in local communities. In recent years, MDOC has supported a "team" approach to address affordable housing needs and formed the CP Steering Committee, Housing Coordinating Team, and Housing Working Group. The MDOC has been a long-standing member of the Water, Wastewater and Solid Waste Action Coordinating Team (W_2ASACT), which was formed in 1982 to address infrastructure issues. These committees and groups continue to provide direction and input to the Consolidated Plan.

The Housing and Community Development Divisions of the Department of Commerce continue improving coordination in the area of joint applications, workshops and reporting forms.

The CDBG ED Program works in tandem with the other business financing and technical assistance programs in the Businesses Resources Division to meet the objectives of the Montana Department of Commerce regarding statewide economic development. In addition to providing loans to for-profit businesses, CDBG provides leverage of dollars and technical assistance to the business community throughout the State.

The MDOC HOME Program continues to advise non-profit groups regarding forming certified Community Housing Development Organizations (CHDOs). An MDOC-certified CHDO can apply for set-aside funds under the HOME Program. Local units of government (cities, towns, and counties), Public Housing Authorities (PHAs), and CHDOs are eligible to apply for HOME grant funds under the HUD-approved program description.

INTERAGENCY COOPERATION AND COORDINATION

Members of the **Consolidated Plan Steering Committee**, with representatives from the HOME, CDBG, ESG and MBOH programs and Fannie Mae's Montana Partnership Office met repeatedly during the Plan development process to review the status of the Action Plan. In addition, other agencies, such as the Montana Department of Environmental Quality (DEQ), the Montana Department of Natural Resources and Conservation (DNRC), the Montana Department of Public Health and Human Services (DPHHS) – Intergovernmental Human Services Bureau, the Montana Department of Labor and Industry (DOLI) – Human Rights Bureau were solicited for input in specific topics contained on the Action Plan and supporting studies.

The **Housing Working Group**, formed by the Department of Commerce four years ago, continues to review areas where regulations are adding to the cost of housing. Other areas to address include the legislative process, comprehensive planning and zoning, subdivision standards, disincentives to building within city limits, and financing for infrastructure costs. In addition, the Group, in conjunction with the Department of Environmental Quality, is developing an Affordable/Energy Efficient House Plan book, with entries submitted by Montana architects.

The **Housing Coordinating Team**, also chartered by the Department of Commerce, continues to facilitate statewide coordination in the delivery of housing services to individual housing providers and local organizations. Areas to research in the coming program year include Impact Fees vs. Affordable Housing; coordination of monitoring requirements within the DOC programs; and minor adjustments to the common application for housing projects.

The **Water, Wastewater and Solid Waste Action Coordinating Team** (W_2ASACT) is a group of professionals from state and federal governments, non-profit organizations that finance, regulate, or provide technical assistance for infrastructure. W_2ASACT currently meets bimonthly to explore and coordinate a wide range of activities linked to improving the environmental infrastructure of local governments and unincorporated communities across Montana. W_2ASACT regularly sponsors and coordinates annual seminars statewide to explain the various financial programs and resources available to assist local governments in funding their infrastructure needs. Civil engineers, agency representatives, and technical assistance providers are invited to present comprehensive information regarding environmental infrastructure projects.

W_2ASACT subcommittees continue addressing issues of community planning and environment regulation in order to assist small rural communities streamline the application and project implementation process. One goal is to assist small communities consolidate multiple, separate environmental mandates into one, coordinated capital facilities planning process. Other goals include implementing a common environmental assessment form acceptable to all funding agencies and developing a uniform method of tracking project expenditures on infrastructure projects using multiple federal, state, local, and private funding sources.

In addition, staff members from the Housing Division regularly attend meetings held by the **Montana Continuum of Care** and the **HomeChoice Coalition**. The Montana Continuum of Care (CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and local and state govemments. The coalition was formed to address homelessness with very few resources to cover a vast geographical area. Sponsored by the Montana Partnership Office of Fannie Mae, the purpose of the HomeChoice Coalition is to form partnerships with agencies and financial institutions to provide homeownership and other housing opportunities to people with disabilities or families that have members with disabilities living with them.

CONSULTATION AND OUTREACH WITH CITIZENS AND ORGANIZATIONS

As part of the Plan update, numerous outside agencies and individuals were contacted. Organizations and individuals are encouraged to provide statistics, data, and other information to aid in preparing the Action Plan and related studies.

PUBLIC AWARENESS OF THE CITIZEN INVOLVEMENT PROCESS

To gather additional public comment for the planning and review process, two public input meetings were held in March and May 2001. Three public review meetings and one METNet meeting were held in November and December 2001.

On-Site Public Input Meetings

Billings	March 15, 2001	7:00-8:30pm	Howard Johnson Express, 2001 South 27th Street
Bozeman	May 8, 2001	7:00-8:30pm	Comfort Inn, 1370 North 7th Avenue

On-Site Public Review Meetings

Plentywood	November 26, 2001	7:00-8:30pm	Sheridan County Courthouse, 100 West Laurel
Lewistown	November 27, 2001	7:00-8:30pm	Lewistown Public Library, 701 West Main
Choteau	December 7, 2001	12:00-1:30pm	Teton Medical Center Hospital, 915 4th St. NW

METNet Video Conference

December 3, 2001 10 AM-12 Noon

Helena	111 N. Sanders, Dept of Public Health & Human Services, SRS Bldg Auditorium
Billings	MSU-Billings, 1500 N. 30th Street, Special Education Bldg, Rm 159
Bozeman	Montana State University, South 7th & Grant, EPS Bldg, Burns Center, Rm 126
Butte	Montana Tech of UM, Engineering Lab Classroom Bldg, Rm 231, 1300 W. Park St
Great Falls	MSU College of Technology, 2100 16th Ave South, Rm R-182
Havre	Montana State University-Northern, 300 11th Street W, Hagener Science Ctr
Kalispell	Flathead Valley Community College, 777 Grand View Dr, Learning Resource Ctr, Rm 120
Miles City	Miles City Community College, 2715 Dickinson, Rm 106
Missoula	University of Montana, Arthur & Eddy, Gallagher Bldg, Rm 104

DELIVERY OF PROGRAM SERVICES

The **CDBG program**, through a process of application and evaluation of proposals, will commit funds to housing, public facilities, planning grants, and economic development projects. In response to pressure from Congress and HUD to expedite the expenditure of CDBG funds, the Montana CDBG Program proposed to accept applications for both FFY 2002 and FFY 2003 Housing applications during the fall of 2002 and move up the normal deadline for FFY 2003 Public Facilities applications from the spring to January, 2003.

A public hearing on the 2002 CDBG Application Guidelines was held Wednesday, January 16, 2002 at 1:30 P.M. at the Downstairs Conference Room of the Montana Department of Commerce, 1424 9th Avenue, Helena, Montana. No opposition was voiced in regards to the proposed schedule.

In essence, the Department proposed conducting grant competitions for both FFY 2002 and 2003 funding allocations over a 12-month period. This doubling of the grant competitions would be a one-time only event.

The objective of this proposal is to establish a long-term annual grant application cycle for future years that would provide for the ranking of both housing and public facility applications in the calendar year before the actual receipt of the FFY CDBG allocation that would fund those projects. This would allow MDOC to award grants to communities immediately upon notification of that year's CDBG allocation.

Public Facilities applications for 2002 will be due in May 2002 and a combined Housing competition for 2002 and 2003 will have applications due in October 2002. In the case of housing, communities would need to indicate for which FFY grant competition they are applying. The 2003 Public Facilities applications for FFY 2003 CDBG funds would be due in January 2003.

CDBG APPLICATION DUE DATES			
	FFY 2002	**FFY 2003**	**FFY 2004**
Planning Grants	April 26, 2002	April 25, 2003	April 2004
Public Facilities Grants	May 31, 2002	January 10, 2003	June 2, 2003
Housing Grants	October 15, **2002**	October 15, **2002**	October 17, 2003

Economic Development applications are received and awarded on an open cycle until all funds are spent. Once all funding is obligated, project development and funding awards may occur in anticipation of the next year's funding allocation. Project development and revolving loan fund technical assistance are provided by the CDBG Staff and Regional Development Officers. Planning grants for economic development will be offered in program year 2002. The application deadline is set for April 26, 2002.

The **HOME Program**, through a process of application and competitive ranking, will commit project funds during the fall and winter months to provide better alignment with the construction season and to better coordinate with projects involving Low-Income Housing Tax Credits. HOME application workshops for the program year beginning 2002 will be held April 16 and 17, 2002 in Hamilton, April 24 and 25, in Havre; and May 7 and 8 in Miles City. Advance public notification will take place. The HOME application deadline is July 1, 2002. The Grant Administration Workshop will be held in November 2002.

The **Emergency Shelter Grant** program will continue to use HUD funds to improve the quality of existing emergency shelters for the homeless, meet the costs of operating shelters and provide essential social services to help prevent homelessness. Ninety-five percent of the funds received will be allocated to the 10 regional Human Resource Development Councils (HRDCs) in Montana. While the funds available to the ESG program are less than those allocated to Montana's HOME and CDBG programs, the regional organizations are extremely dependent on the assistance received from the yearly allocation.

Specific guidelines that relate to the individual programs for CDBG and HOME may be obtained by contacting the Montana Department of Commerce. Contact the Department of Public Health and Human Services to obtain guidelines for the ESG program.

QUANTITATIVE ANALYSIS IN SUPPORT OF THE PLAN

Development of the Action Plan for Plan Year beginning April 1, 2002 is based, in part, on current and past research studies and analysis of housing, infrastructure and economic development needs. An analysis conducted during the current planning cycle is the *Economic and Demographic Analysis of Montana*, updated September 2001, using information obtained from the 2000 Census.

The *Economic and Demographic Analysis of Montana* analyzes the economy and evaluates demographic data. According to the report, indicators suggest that Montana's economy is improving and the business infrastructure is on course to increased health. The economy is diversifying, becoming less dependent on its traditional resource-based industries of agriculture, mining, and resource manufacturing while the service and retail sectors are becoming much larger portions of the State's economic picture. The last 10 to 15 years have seen a steady increase in total employment, defined as the total number of jobs. Current wage and salary estimates of people working, from the Montana Department of Labor and Industry (MDOLI)[1], indicate that employment growth has continued through 2000. On the other hand, average earnings per job are not faring as well. Real average earnings for Montana's workers, as developed from available Bureau of Economic Analysis (BEA) data through 1999, remain far below the national

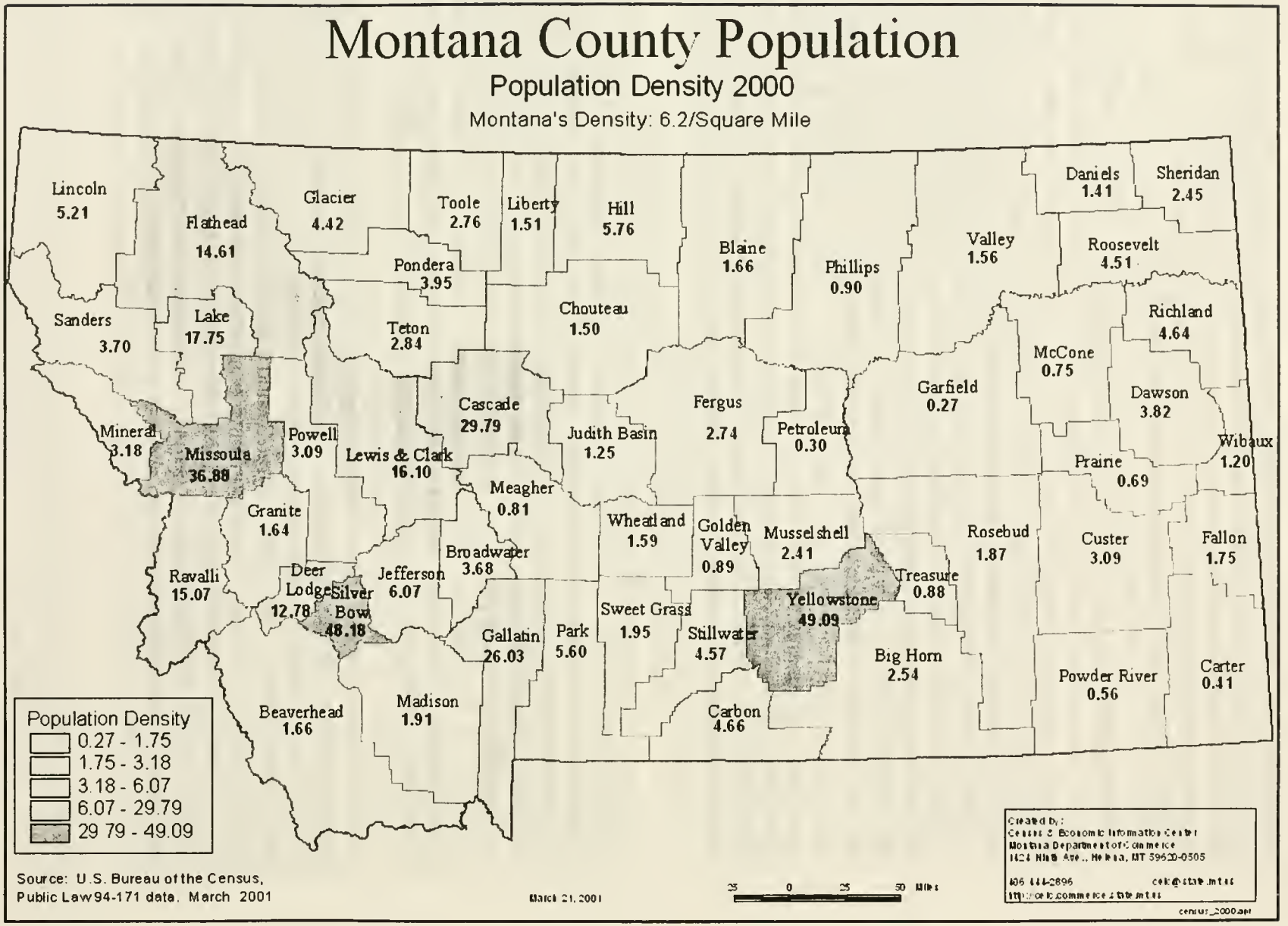
[1] For additional information, see the *Profile of the Montana Worker*, August 2001, Research & Analysis Bureau, Workforce Services Division, Montana Department of Labor & Industry. Copies can be obtained from the MDOLI website: http://rad.dli.state.mt.us/ or by calling the Department at 406-444-2430.

average. In 1998, Montana's real average earnings per job were over $10,000 less than the national average and in 1999, this gap had expanded to $11,000. Further, data from the MDOLI and BEA indicate one in four people is holding down two jobs, or more precisely, each working person has an average of 1.23 jobs, a significant rise since the early 1980s when less than one in 10 persons held two jobs.

Montana's population growth has been somewhat sporadic but has increased, reaching 902,195, as reported in the 2000 Census. The most recent decade saw the largest population increase in about 80 years, by over 103,000 persons. However, growth rates are not consistent throughout the State. Shifting population growth patterns have resulted in declining population in 23 of the State's 56 counties, growth rates exceeding 25 percent in seven counties, and more moderate rates of growth in the remaining 26 counties. The rural nature of Montana, the nation's fourth largest state in total land area with an average population density of 6.2 persons per square mile (see map on page 8), ranging from 48.18 persons per square mile in Silver Bow County to 0.27 per square mile in Garfield County, accounts for the vast difference in housing needs across the State. Construction activity has been mostly in areas experiencing increases in population and household formation. In these areas, housing affordability continues to be a significant issue in Montana, with many areas experiencing tight markets and rising costs. However, evidence is mounting that high home prices have begun to ease, with for-sale properties increasing. Still, housing in areas with slow or no growth is generally less expensive than in the more urbanized areas.

This year, a Technical Appendix to the *Economic and Demographic Analysis of Montana – Volume II* – was also prepared. The 2000 Decennial Census data are presented in tabular form for each of the State's 56 counties. This volume also reports county level details about jobs by industry, sources of income, and average real wages by industry from 1969 through 1999, as released by the U.S. Bureau of Economic Analysis (BEA) in June 2001. This information will allow interested persons access to a single source of data from which they can easily compare local area data regarding demographics, income, and types of work. The *Economic and Demographic Databook* will be updated in 2002, after more Census information becomes available.

The *Economic Benefits of MDOC Housing and Infrastructure Programs,* updated November 2000, was first prepared in 1997, and is updated periodically. The document studies programs such as the Montana Board of Housing, the Community Development Block Grant (CDBG) and HOME Programs, and Section 8 Rental Assistance. Program expenditures for housing, infrastructure and economic development programs have a positive effect on the economy in Montana through the increase in the number of jobs, income, income taxes, and property taxes paid to state and local government over the past years. The programs continue to show a substantial benefit for the State.


Montana County Population
Population Density 2000
Montana's Density: 6.2/Square Mile
Lincoln 5.21
Flathead 14.61
Glacier 4.42
Toole 2.76
Liberty 1.51
Hill 5.76
Blaine 1.66
Phillips 0.90
Valley 1.56
Daniels 1.41
Sheridan 2.45
Roosevelt 4.51
Pondera 3.95
Chouteau 1.50
Sanders 3.70
Lake 17.75
Teton 2.84
Richland 4.64
McCone 0.75
Garfield 0.27
Dawson 3.82
Wibaux 1.20
Prairie 0.69
Cascade 29.79
Fergus 2.74
Petroleum 0.30
Judith Basin 1.25
Mineral 3.18
Missoula 36.88
Powell 3.09
Lewis & Clark 16.10
Meagher 0.81
Granite 1.64
Wheatland 1.59
Golden Valley 0.89
Musselshell 2.41
Rosebud 1.87
Custer 3.09
Fallon 1.75
Broadwater 3.68
Ravalli 15.07
Deer Lodge 12.78
Silver Bow 48.18
Jefferson 6.07
Treasure 0.88
Yellowstone 49.09
Sweet Grass 1.95
Stillwater 4.57
Gallatin 26.03
Park 5.60
Big Horn 2.54
Powder River 0.56
Carter 0.41
Beaverhead 1.66
Madison 1.91
Carbon 4.66
Population Density
0.27 - 1.75
1.75 - 3.18
3.18 - 6.07
6.07 - 29.79
29.79 - 49.09
Source: U.S. Bureau of the Census, Public Law 94-171 data, March 2001
March 21, 2001
25 0 25 50 Miles
Created By:
Census & Economic Information Center
Montana Department of Commerce
1424 Ninth Ave., Helena, MT 59620-0505
406 444-2896
ceic@state.mt.us
http://ceic.commerce.state.mt.us
census_2000.apr

In addition to the *Economic and Demographic Analysis*, the *Economic and Demographic Analysis Technical Appendix,* and the *Economic Benefits of MDOC Programs*, the following documents and studies have been prepared or updated in recent years in support of the Montana Consolidated Plan and are used in the planning process.

1. *Location of Growth in Montana* (2001)
2. *Summary of the 2001 Montana Homeless Survey*
3. *The Analysis of Impediments to Fair Housing Choice* (2000)
4. *Home Mortgage Disclosure Act Analysis (HMDA)* (2000)
5. *Additional HMDA Analysis of Montana Denial Rates: 1993 – 1998* (2000)
6. *Informational Publication Directory* (2000)
7. *Price of Housing Study in Montana* (2000)
8. *Economic and Demographic Databook* (1999)
9. *Housing Condition Study* (1999)
10. *Directory of Homeless Assistance Providers for Montana* (1999)
11. *Montana Lead Education Assessment Detection* (1999)
12. *Housing Resource Directory* (1998)
13. *Planning & Financing Community Water & Sewer Systems in Montana* (1997)
14. *The Montana Assisted Living Study, Demand for Assisted Living* (1996)
15. *Analysis of Veterans in Montana* (1996)
16. *Inventory of Water and Wastewater Needs for Unincorporated and Non-District Areas in the State of Montana* (1996)
17. *Inventory of Infrastructure Needs* (1995)
18. *A Handbook: Capital Facilities Scheduling & Financing* (1995)

Contact the Montana Department of Commerce, Housing Division, 836 Front Street, Helena, MT 59602 for information on these and other publications, or visit the Housing Division website at http://commerce.state.mt.us/Housing/Hous_Home.html.

RESOURCES

FEDERAL RESOURCES EXPECTED

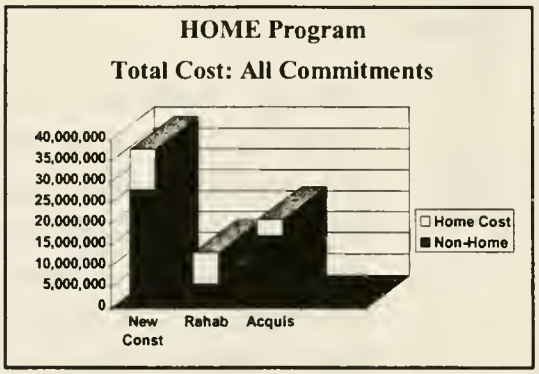
Community Development Block Grant Program (CDBG)

The Community Development Division and the Business Resources Division of the Montana Department of Commerce administer the CDBG program. For Plan Year beginning April 1, 2002, the State estimates receiving $8,070,000 in federal CDBG funds for award to local governments. Of these dollars, approximately $2,575,000 will be allocated for economic development projects, which are administered by the

Business Resources Division. Another portion will be allocated for planning grants, public facility projects and housing projects, which are administered by the Community Development Division.

Home Investment Partnerships Program (HOME)

The HOME Program, administered by the Housing Division, expects funds of $4,618,000 for Plan Year beginning April 1, 2002. Funds will be used for developing affordable housing for persons of low and very-low income



Emergency Shelter Grant Program (ESG)

The Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services (DPHHS) anticipates that $370,000 will be made available for the ESG program.

Housing Opportunities for Persons With AIDS (HOPWA)

The Intergovernmental Human Services Bureau of the Montana Department of Public Health and Human Services anticipates that $222,000 will be available for HOPWA services annually for a three-year period.

Low-Income Housing Tax Credit Program (LIHTC)

The Montana Board of Housing administers the Low-Income Housing Tax Credit Program[2]. The Board receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated at $2 million.

METHOD OF DISTRIBUTION

CDBG

Estimates for FFY 2002

	Minimum Amount	Maximum Amount
Competitive		**$ 7,727,900**
Formula		
Retained for State Project		
Non-Competitive		
State Admin of Program		**$ 342,100**

[2] The Consolidated Plan does not cover Montana Board of Housing programs; these programs are included for informational purposes.

HOME

Estimates for FFY 2002

	Minimum Amount	Maximum Amount
Competitive		**$ 4,156,200**
Formula		
Retained for State Project		
Non-Competitive		
State Admin of Program		**$ 461,800**

ESG

Estimates for FFY 2002

	Minimum Amount	Maximum Amount
Competitive		
Formula		**$ 349,600**
Retained for State Project		
Non-Competitive		
State Admin of Program		**$ 18,400**

HOPWA

Estimates for FFY 2002

	Minimum Amount	Maximum Amount
Competitive		
Formula		
Retained for State Project		
Non-Competitive		**$ 222,000**
State Admin of Program		**$ 12,000**

OTHER RESOURCES AND PLANS

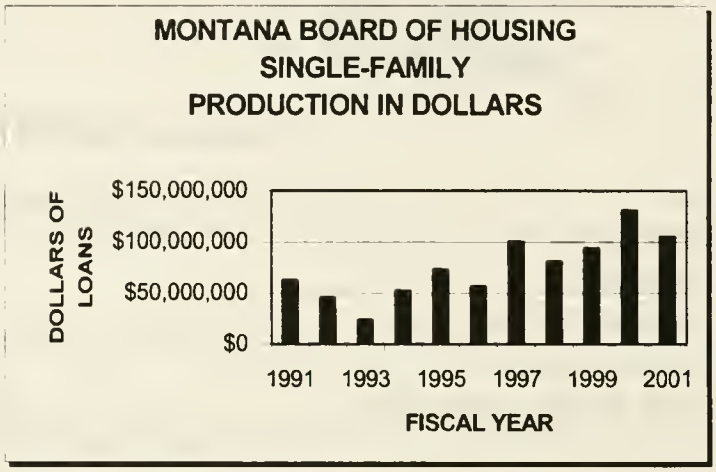
Numerous State and Federal programs support the implementation of the State's Consolidated Plan. Interagency cooperation and coordination of State, Federal and Local agencies and organizations are the reason many of the projects are successful.

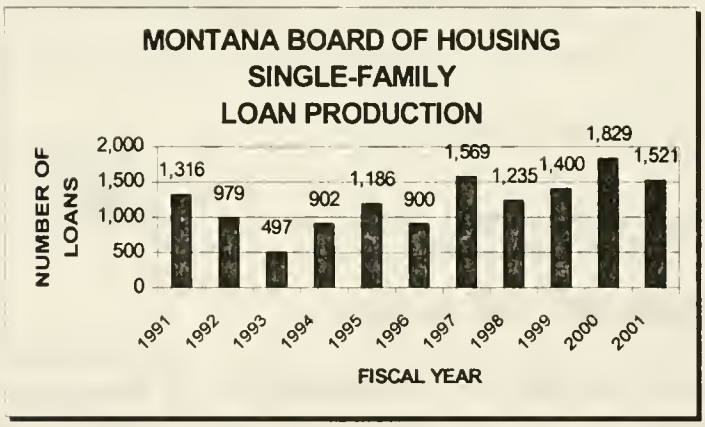
The 1999 Legislature enacted a bill exempting low-income rental housing property from taxation if low-income tax credits were allocated to the owner under federal law. Only the portion of the residential property dedicated to providing affordable housing for lower-income persons would be exempt. The property must meet additional restrictions

by providing housing to an underserved population and providing a minimum of 50 percent of units to tenants at 50 percent of the median family income for the area.
The following summaries demonstrate plans that either are in place or will be implemented in the near future. These plans support the overall implementation of Montana's Consolidated Plan with respect to affordable housing, public facilities, economic development and homelessness.

Montana Board of Housing Programs (MBOH)

The Montana Board of Housing[3] was created by the Housing Act of 1975 in order to alleviate the high cost of housing for low-income persons and families. Funds are generated through either the sale of tax-exempt bonds or administrative fees. MBOH programs fall into three categories: home ownership, multi-family projects, and a program to assist the elderly population. MBOH programs are often used in combination with HOME and CDBG funds, where MBOH provides the permanent financing or equity financing.





Single-Family Program

MBOH works with about 250 lenders statewide to provide mortgages below conventional rates to assist primarily first-time homebuyers. MBOH anticipates assisting approximately 1,800 low- to moderate-income homebuyers with $104 to $130 million in low interest rate loans each year.

Through the use of recycled funds, MBOH is able to assist much lower income persons and families who do not have the financial capabilities to purchase safe and sanitary housing through other Single Family Programs. The Board anticipates making $20 million available for financing very low-income families per year.

[3] The Consolidated Plan does not cover Montana Board of Housing programs; these programs are included for informational purposes.

Multi-Family Program

MBOH issues tax exempt bonds to finance the construction of new and rehabilitation of existing low-income, multi-family housing. MBOH anticipates issuing bonds to finance projects, which meet its requirements through the Multi-Family Risk Sharing Program and its General Obligation Bond Program.

The Risk Sharing Program provides FHA mortgage insurance for the permanent financing of multi-family rental property through a partnership between MBOH and the Department of Housing and Urban Development (HUD). Through this program, MBOH provides mortgage underwriting, loan management, and financing, and the two entities share the risk of loss from default.

The General Obligation (GO) Bond Program provides permanent mortgage financing for multi-family rental property. The program requires that the rental property owner agree to restrict the rents to a specific amount and to rent only to tenants below a maximum income level (generally 60% of median income). Currently this program is financing the permanent loans for projects receiving multiple sources of funding from other programs where rents on the projects are affordable to very low-income state residents.

Multi-Family Preservation Projects

Beginning in 1999, the Board issued Multi-Family Mortgage Bonds to preserve eight projects consisting of 434 units that were in jeopardy of being lost as affordable housing due to expiring HUD Preservation Program contracts. In conjunction with other housing programs, the Board will continue to provide assistance to preserve affordable housing with expiring HUD contracts.

Reverse Annuity Mortgage (RAM) Loan Program

The RAM program enables elderly Montanans to benefit from an additional monthly income source from the use of equity in their home. Eligibility is subject to certain age and income requirements. Currently a participant must be 68 years or age or older (some exceptions may apply). Loans with a 5 percent interest rate are available from $15,000 to a maximum of $70,000, and the loans are based on 80% of the FHA determined property value.

Low-Income Housing Tax Credit Program (LIHTC)

The Low-Income Housing Tax Credit program, established by Congress in the Tax Reform Act of 1986, is intended to provide for the retention, rehabilitation and construction of low-income rental housing. The LIHTC program is administered by MBOH, which receives authority to allocate the tax credit through the Internal Revenue Code. Annual authority is estimated at $2 million. Through the tax credit benefit, developers and owners of qualified housing receive an annual federal tax credit for 10

years, based on the number of rental units provided to low-income individuals and families.

Housing Revolving Loan Fund

The Montana Legislature passed the Housing Revolving Loan fund into law during the 1999 legislative session. Funding for the loan fund was not provided. However, the 2001 Montana Legislature appropriated $500,000 in Section 8 reserves and $1.0 million of Temporary Assistance to Needy Families (TANF) funds for the loan fund. The MBOH administers the fund. The revolving loan fund will be used to provide financial assistance in the form of direct loans for the following purposes:

- matching funds for public or private money available from other resources for the development of low-income and moderate-income housing;
- bridge financing necessary to make a low-income or a moderate-income housing development feasible;
- acquisition of existing housing for the purpose of preservation of or conversion to low-income or moderate-income housing; or
- pre-construction technical assistance to eligible recipients in rural areas and small cities and towns.

Organizations eligible for loans from the revolving loan fund are local governments, tribal governments, local housing authorities, non-profit community or neighborhood-based organizations, regional or statewide non-profit housing assistance organizations, or for-profit housing developers. All interest and principal on loans from the funds must be repaid to the loan fund.

Housing Assistance Bureau Programs

In addition to administering the HOME Program, the Housing Assistance Bureau contracts with HUD as the statewide Public Housing Agency (PHA) using an annual Contributions Contract to provide program administration and services on Section 8[4] low income housing programs on a statewide basis.

Project Based Section 8

The Montana Project Based Section 8 (PBS8) program is a new program administered by the Housing Assistance Bureau. Active since November 2000, PBS8 performs as a HUD contractor for management and oversight activities for 91 contracts involving over 3,600 affordable rental units. PBS8 conducts on-site management reviews on an annual basis for the entire contract portfolio. In addition, PBS8 approves and processes payment vouchers to property owners and agents.

[4] This Consolidated Plan does not cover the Section 8 programs; the programs are included for informational purposes.

Tenant Based Section 8

The Tenant Based Section 8 (TBS8) program, uses 35 local field agents in eleven locations throughout the State, provides field services – issuing assistance documents, performing inspections, and examining annual income. The Housing Choice Vouchers is the main program in TBS8, with a HUD baseline of 3,596 units, and an annual budget of $14 million. Moderate Rehabilitation (Mod Rehab) is the other TBS8 program, with a budget of around $3 million annually. In essence a project-based program, owners of substandard property in Montana rehabilitate the property to meet HUD Housing Quality Standards (HQS) and receive subsidized rent for 15 years at a rate high enough to cover the debt service on rehabilitation loans. TBS8 provides a list of prospective tenants and inspects the rental units annually to insure continued compliance with HQS.

Department of Natural Resources and Conservation, Renewable Resources Development Program

The program provides grant and loan funds to governmental entities for renewable resource projects that preserve, conserve, manage, and develop renewable resources. The Resource Development Bureau of the Montana Department of Natural Resources and Conservation (DNRC)[5] administers the program. Grant funding is limited to $100,000, and loan funds are available to the limit of the borrower's bonding authority. Interest subsidies for large loans are available subject to legislative approval. The Renewable Resource Grant Program has $4.0 million available for grant funding each biennium. Applications are due May 15, 2002. Project planning grants are available to provide funding for preliminary engineering and technical analysis needed to identify alternatives for projects that qualify for the renewable resource grant and loan program. A grant of up to $10,000 is available, and must be matched on an equal basis by the project sponsor. Emergency Grants of $30,000 are available on an open cycle for projects that, if delayed, will result in substantial harm to public health or the environment.

Department of Commerce, Treasure State Endowment Program

The Treasure State Endowment Program (TSEP)[6] is a State funded grant and loan program designed to assist local governments with the construction and repair of drinking water systems, wastewater treatment facilities, sanitary or storm sewer systems, solid waste disposal and separation systems, and bridges in order to solve serious public health and safety problems. The program provides funds for construction projects (grants and loans), preliminary engineering grants, and grants for emergency situations.

[5] The Consolidated Plan does not cover Montana Department of Natural Resources and Conservation programs; the programs are included for informational purposes.

[6] The Consolidated Plan does not cover the Treasure State Endowment Program; the program is included for informational purposes.

TSEP applications for funding construction projects are accepted in the spring proceeding a legislative year. TSEP applications are reviewed and ranked by MDOC based on seven statutory priorities. Communities that are recommended for grant funds are required to have user fees that meet or exceed the community's "target rate." Target rates are based on a percentage of a community's median household income, making target rates a unique financial measure for each of Montana's communities and allowing TSEP staff to objectively compare the relative financial need of each applicant. The Governor reviews the Department's recommendations and submits recommendations to the Legislature. The Legislature makes the final decisions on funding awards. The following table summarizes the type of projects that have been awarded grants.

TSEP Projects Approved for Funding				
	Water	**Wastewater**	**Solid Waste**	**Bridges**
1993	10	5	2	2
1995	8	5		2
1997	10	11		1
1999	13	17		2
2001	11	17		3
Total	52	56	2	10
The total amount of TSEP dollars granted to complete the above projects is over $44 million.				
The total cost to construct all of the above projects is over $230 million.				

Approximately $15 million will be available for construction grants to local governments for the State FY 2004-05 biennium. New to the program in FY 2002 are grants to produce preliminary engineering studies and grants to remedy emergency situations. The program has available $425,000 per biennium for preliminary engineering grants. These non-competitive grants are especially useful to smaller communities that have problems to solve, but do not have the financial resources necessary to produce a preliminary engineering report, which is required in order to apply for funds needed to complete a construction project. The program also has $100,000 for the biennium to award for emergency projects.

Department of Commerce, Community Technical Assistance Program

The Community Technical Assistance Program[7] (CTAP) is a State program administered by MDOC to provide technical assistance to local governments and development groups on community planning, development, and finance issues and options. Services available from CTAP include individual local government planning and development assistance, public works financing assistance, and general community research assistance. The CTAP program manages county land planning funds, which

[7] The Consolidated Plan does not cover the Community Technical Assistance Program; the program is included for informational purposes.

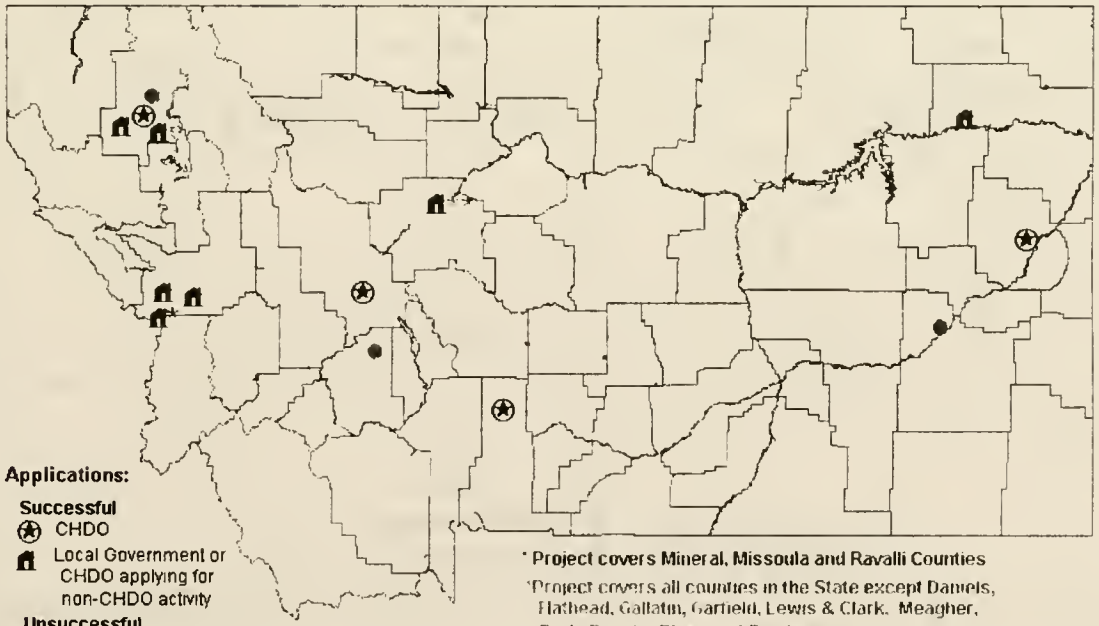
are distributed to Montana county governments providing small grants for comprehensive planning, economic development planning and capital improvements planning. These grant funds total approximately $198,693 annually for 56 counties.

GEOGRAPHIC DISTRIBUTION OF FUNDS

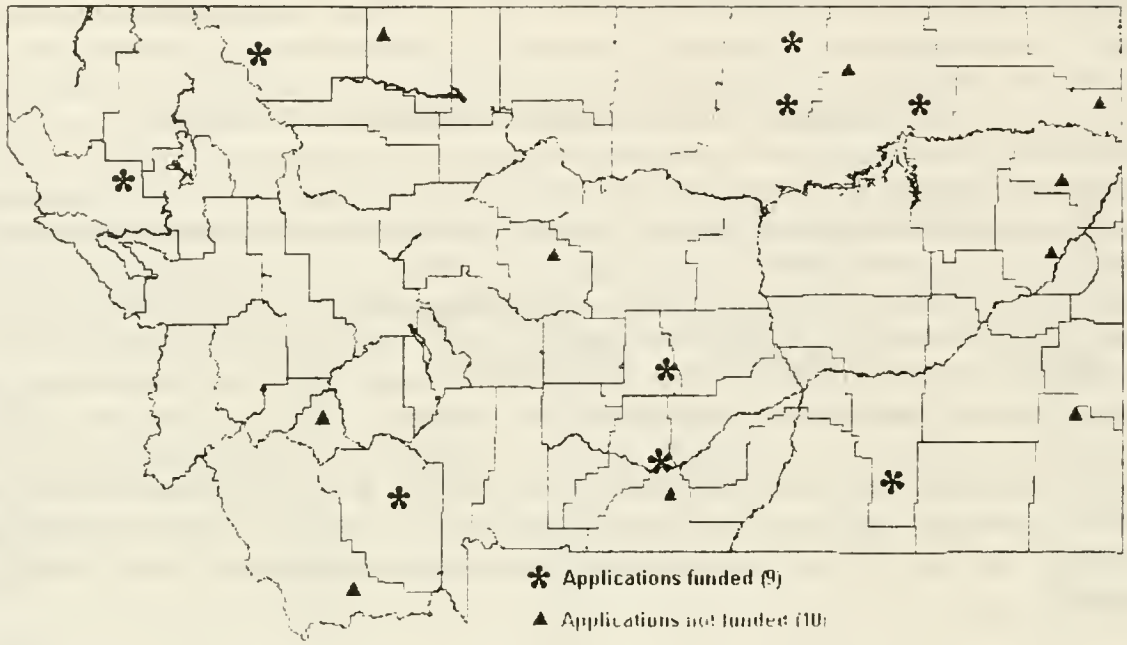
Housing and community development needs across Montana vary widely. The extreme diversity in available housing, age of housing stock, and overall range in population complicate the assessment of the type and degree of housing and community development needs. MDOC programs are implemented on a statewide competitive basis. Entities receiving CDBG and HOME funds must have previous allocations substantially drawn down before they are eligible to apply for additional program funds. This method has been shown to disburse funds equitably throughout the State, allowing all groups an equal chance to apply for funds. Together, all funding methods, whether through a formula, as in the ESG grants, or competitive, as in CDBG and HOME grants, tend to be widely distributed throughout the State. In order to view the geographic dispersion of last year's funding activities, several geographic maps have been prepared.

MAPS

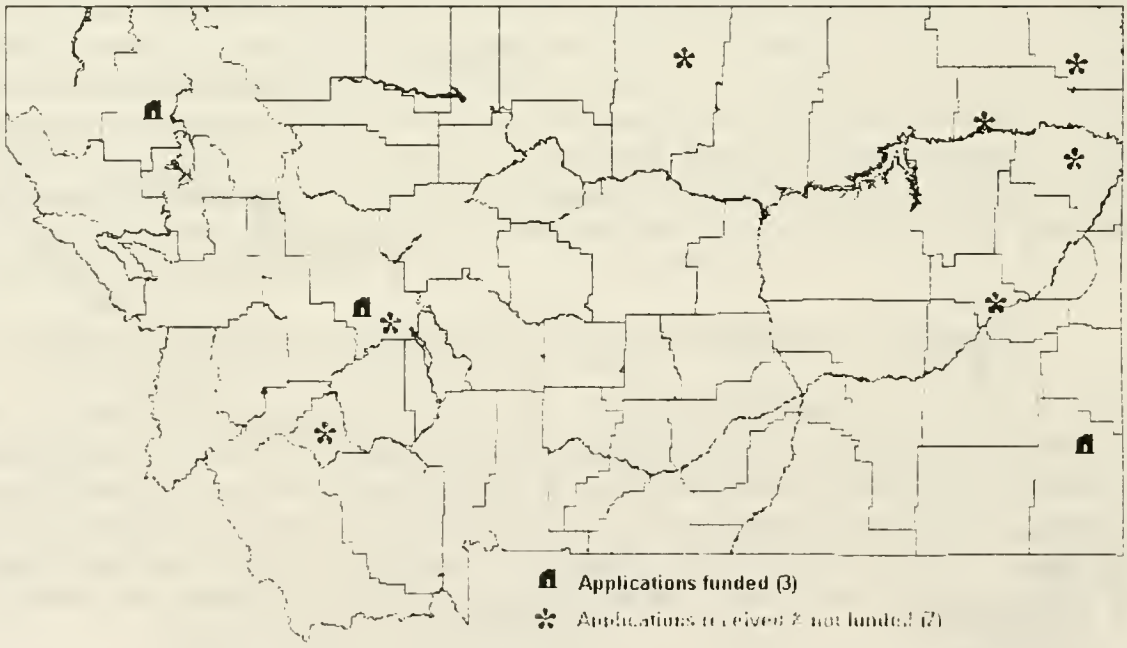
HOME Applications – Program Year 04/01 – 03/02


Applications:
Successful
CHDO
Local Government or CHDO applying for non-CHDO activity
Unsuccessful
Local Government
* Project covers Mineral, Missoula and Ravalli Counties
*Project covers all counties in the State except Daniels, Flathead, Gallatin, Garfield, Lewis & Clark, Meagher, Park, Powder River, and Sanders

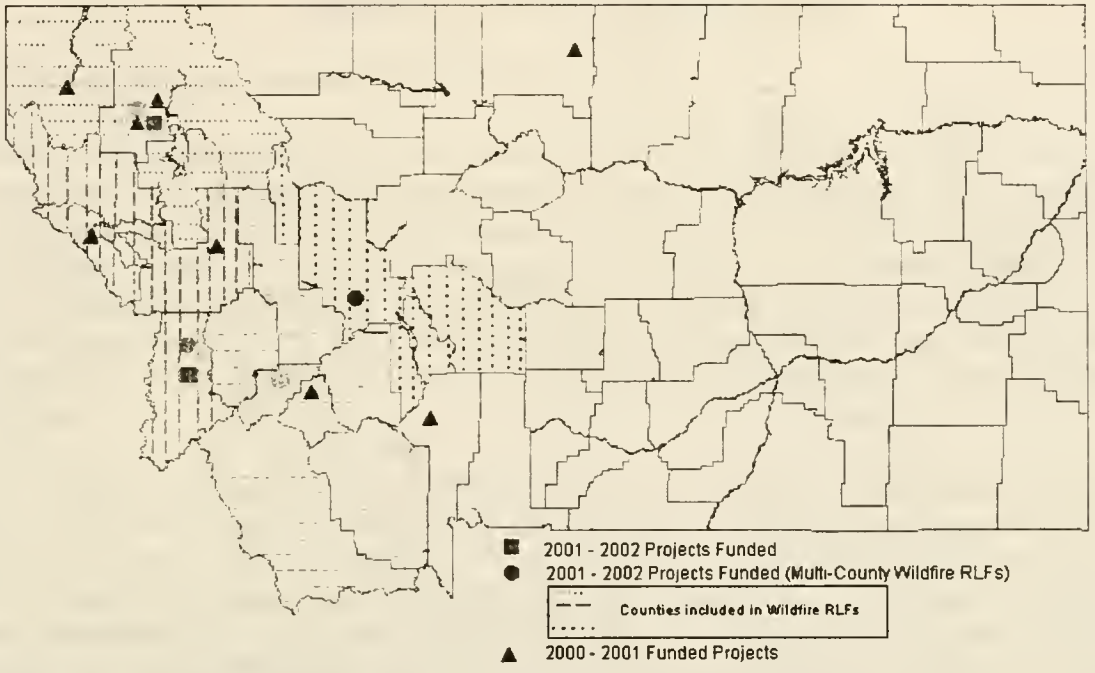
CDBG Public Facilities Projects -- Program Year 04/01 – 03/02



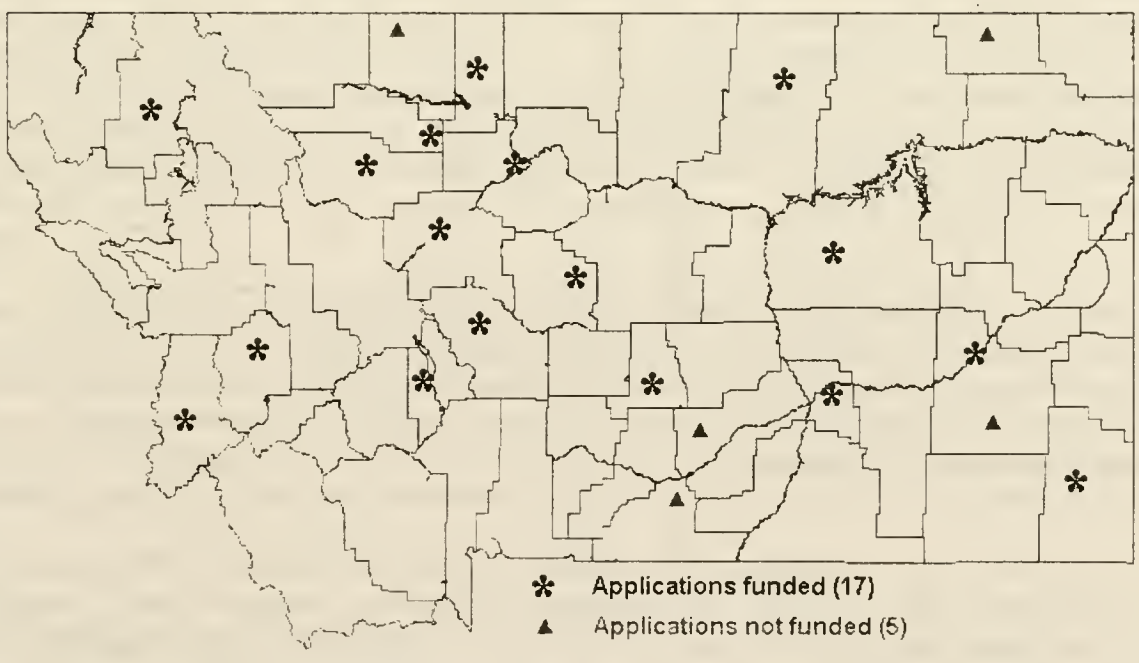
CDBG Housing Applications – Program Year 04/01 – 03/02



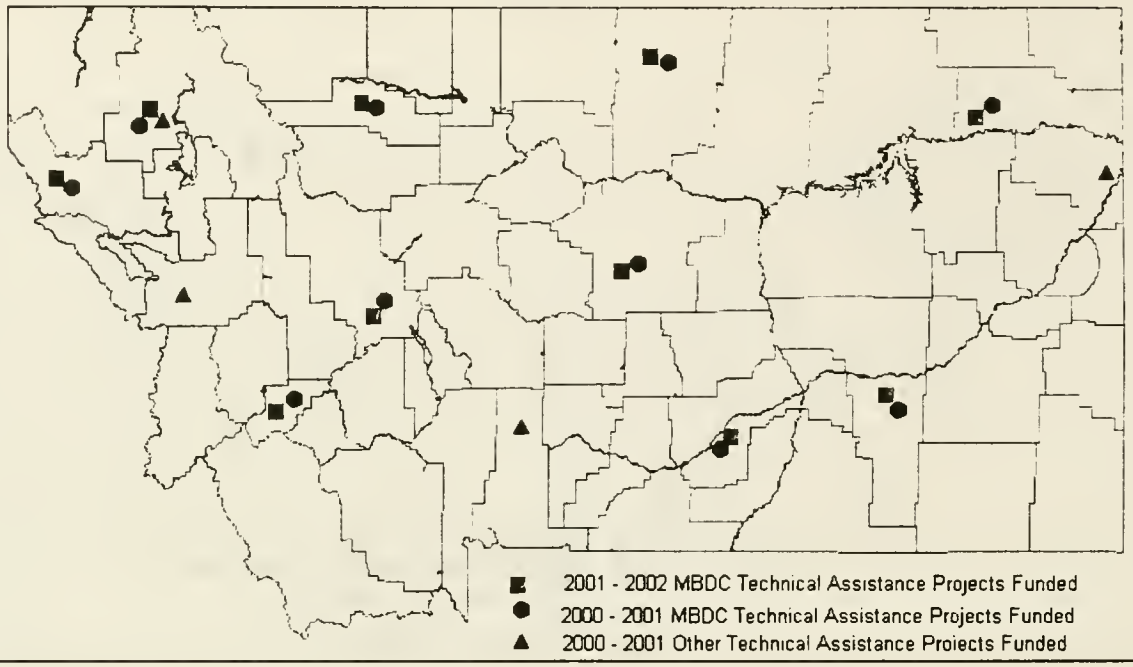
CDBG Economic Development Program -- Projects Funded 2000/01 & 2001/02


2001 - 2002 Projects Funded
2001 - 2002 Projects Funded (Multi-County Wildfire RLFs)
Counties included in Wildfire RLFs
2000 - 2001 Funded Projects

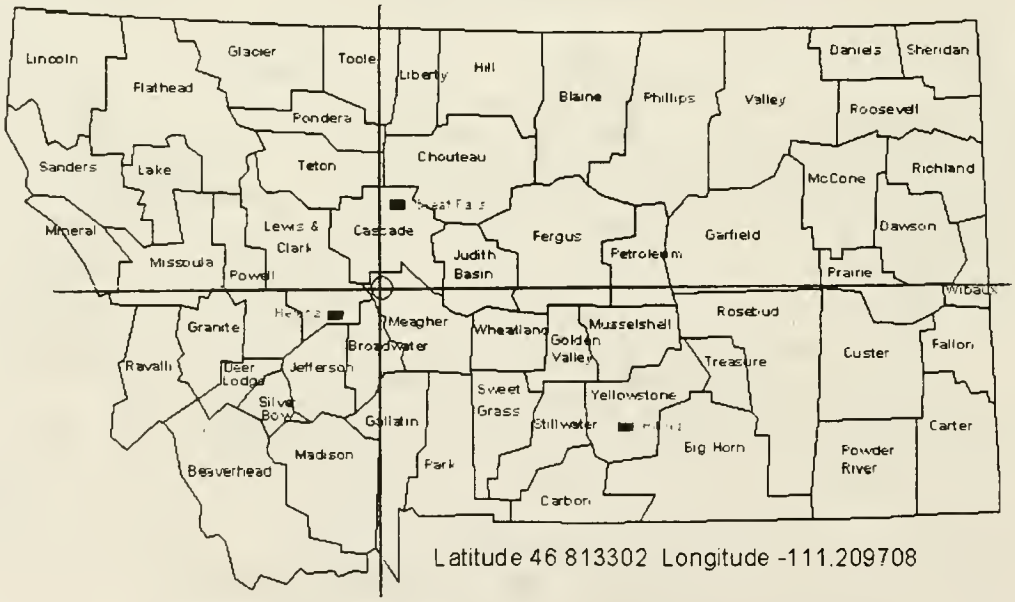
CDBG Planning Grants -- Program Year 04/01 – 03/02



CDBG Economic Development Program – Technical Assistance Grants 2000/01 & 2001/02


2001 - 2002 MBDC Technical Assistance Projects Funded
2000 - 2001 MBDC Technical Assistance Projects Funded
2000 - 2001 Other Technical Assistance Projects Funded

Montana – Geographic Center of the Population Census 2000



Source: U.S. Census Bureau, Census 2000

ACTIVITIES

METHOD OF FUNDS DISTRIBUTION

Community Development Block Grant (CDBG)

Fund distribution for the CDBG **Housing** category is based on an annual competition held in the fall. Eligible applicants are limited to general-purpose local governments: towns and cities under 50,000 population and counties. The maximum grant request for a housing project is $500,000. Existing grantees must significantly draw down their current funds before they are eligible to apply for additional program funds. A combined Housing competition for 2002 and 2003 will have applications due in October 2002. Communities will need to indicate for which FFY housing grant competition they are applying.

The **Public Facilities** category is also based on an annual competition. The deadline date for the Plan Year will be May 31, 2002. General-purpose local governments: towns and cities under 50,000 population and counties are eligible applicants. Each local government may apply for one housing project and one public facility project each program year. The maximum grant request for a public facility project is $500,000. Grantees must significantly draw down their existing funds before they are eligible to apply for additional program funds.

The CDBG Program also sets aside funds for **Planning Grants**. The Planning Grants category is based on an annual competition. The deadline date for the Plan Year will be April 26, 2002. Eligible applicants are the same as for the Housing and Public Facilities categories. The Planning Grants can be used for a variety of planning activities including the initial planning necessary to get a project under way; conducting other community planning activities such as preparing or updating a comprehensive plan or growth policy; or preparing a neighborhood redevelopment plan, a housing study, capital improvement plan or similar planning processes needed to help a community address critical needs. The maximum Planning Grant ceiling is $20,000 for the Plan Year.

The State does not elect at this time to set forth community revitalization activities as a principal grant activity. Local government grantees are still urged to consider community revitalization activities as a complimentary activity to one of the basic eligible housing or public facilities activities, such as doing neighborhood revitalization (demolition, clean up, park development) in conjunction with a traditional housing rehabilitation project. In addition, planning for community revitalization is an eligible activity for a planning grant.

As previously discussed, in order to expedite the expenditure of CDBG funds, the Montana CDBG Program will accept applications for both FFY 2002 and FFY 2003 Housing applications during the fall of 2002 and move up the normal deadline for FFY 2003 Public Facilities applications from the spring to January 2003. See table below for the schedule.

CDBG Application Due Dates			
	FFY 2002	**FFY 2003**	**FFY 2004**
Planning Grants	April 26, 2002	April 25, 2003	April 2004
Public Facilities Grants	May 31, 2002	January 10, 2003	June 2, 2003
Housing Grants	October 15, **2002**	October 15, **2002**	October 17, 2003

The **Economic Development** component of the CDBG Program receives approximately $2.5 million, which is one-third of the annual allocation to the State of Montana. Eligible applicants are local governments, who in turn loan these funds to for-profit businesses agreeing to create jobs for low and moderate-income persons. The Department accepts applications on a continuous basis as long as funding is available for the program year. The maximum funding amount is $400,000 per local government in a program year. The minimum funding amount is $100,000. Communities can continue to apply for funding throughout the program year until they have reached the maximum amount of $400,000 per local government. The applicant business must prepare a business plan and meet certain thresholds, including providing a 1:1 dollar match. The project application is reviewed by Department staff and loan review committee, which makes a recommendation to the Department Director, who makes the final funding decision.

It is the MDOC's intent to enhance economic development statewide by setting aside approximately $105,000 from the CDBG regular allocation for local governments or local nonprofit community development corporations to provide technical assistance, rural outreach, and training in relation to business counseling and lending activity.

Funds will be made available under two areas of preference up to the funding amounts listed. Funding allocations may be shifted or reduced under these categories at the discretion of the Department. Funds that remain uncommitted under these two categories will be used for loans to businesses under the regular CDBG ED Program.

a) Up to $55,000 to the statewide network of MicroBusiness Development Corporations (MBDCs), which are under contract with the MDOC, to assist with the costs of counseling, training, and technical assistance to microenterprises. The CDBG ED program assists microenterprise development by providing $5,000 per year to each MBDC region across the state, with a maximum of $7,500 to an MBDC region serving seven or more counties.

b) Up to $50,000 to assist Montana businesses under the Montana Small Business Innovation Research (SBIR) Initiative, plus other technical assistance activities. Uncommitted funds will be used for loans to businesses under the regular CDBG ED Program. The State Outreach Program for Small Business Innovation Research has provided approximately $40,000 each year since 1998 to assist small high-technology companies.

In past years, funds were made available to the State's Small Business Development Centers (SBDCs). However, the 2000 Special Legislative Session provided funding to the SBDCs and eliminated the need for CDBG ED funding.

For program year ending March 31, 2001, the CDBG ED program added an additional eligible activity, Customized Training for Employees, and will continue that program in the Plan Year beginning 2002. Employee Training is an eligible, stand-alone project activity allowing up to a maximum of $400,000 in grant funding per local government in a program year for new and expanding businesses that are creating additional jobs. The intent of this new funding activity is to assist businesses in providing needed skills and better-paying jobs for their workers. Grant funding for employee training may be applied for in addition to a CDBG loan for new and expanding businesses under one project, up to a maximum of $400,000 per business. The maximum grant amount to a for-profit business or non-profit organization for each employee trained is $5,000. The maximum funding amount is $400,000 per local government applicant in a program year when combining a CDBG loan with grant-funded employee training for one business.

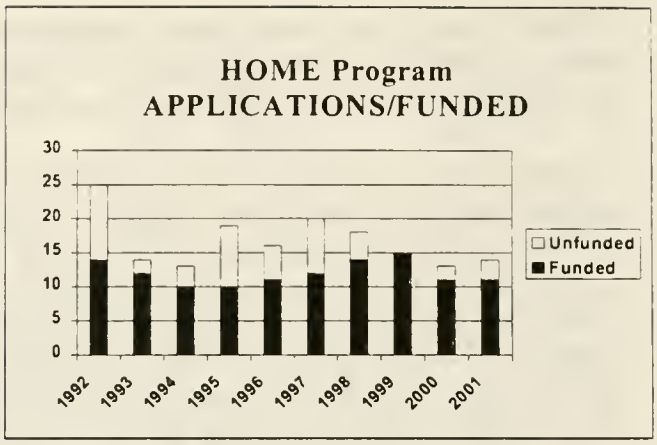
In addition, the MDOC received a transfer of $150,000 in October 2000 and $363,735 in October 2001 from the Montana Department of Labor and Industry's Workforce Investment Act funds, under the Governor's Discretionary Fund, to expand employee training grants offered under the CDBG ED Program.

HUD Section 108 Loan Guarantees will be available under exceptional circumstances. These loans will be available subject to the analysis and discretion of the MDOC Loan Review Committee (LRC), and contingent upon the local government applicant and financing packager-receiving assistance from an organization or individual consultant experienced with structuring Section 108 projects.

The CDBG ED program also administers the EDA/CDBG Revolving Loan fund - a state-administered EDA revolving loan fund, matched with CDBG funds and administered under CDBG guidelines. The program also provides assistance to Montana's emerging revolving loan fund industry

The CDBG Economic Development program is a major player in economic development financing in Montana. Economic development projects have leveraged private lender funds and federal funds, including U.S. Small Business Administration SBA 7a and 504 programs, U.S. Department of Commerce Economic Development Administration (EDA) funds, U.S. Department of Agriculture Rural Development program funds. Economic development projects have also leveraged funds available from State programs such as the Montana Board of Investments and the Montana Department of Agriculture's Growth through Agriculture program. For matching funds, the CDBG ED program requires one non-CDBG dollar for each dollar of non-administrative CDBG funds requested. For program years April 1995 through March 2000, more than $12 million of CDBG ED funds were awarded to 31 different local governments. The CDBG ED funds leveraged approximately $48 million of private, state and federal funds.

Home Investment Partnerships Program (HOME)



Program funds for HOME are distributed through a competitive process of grant applications with a deadline date of July 1, 2002. Eligible applicants include general-purpose local governments (counties, incorporated cities and towns, consolidated city-county governments), Community Housing Development Organizations (CHDOs) certified by MDOC, and Montana Public Housing Authorities (PHAs). The maximum request for a HOME project is $500,000 (including soft costs) for homebuyer assistance, homeowner rehabilitation, rental rehabilitations and new construction. CHDOs receive a minimum 15 percent set-aside of each fiscal year allocation to perform ownership, sponsorship and development activities. Existing grantees are eligible to reapply for an additional HOME grant if:

- the grantee is in compliance with the project implementation schedule contained in its HOME contract with MDOC;
- there are no unresolved audit, monitoring, or performance findings for any previous HOME grant awards to the applicant;
- 55% of the project funds of any 2001 HOME grant have been drawn down by the application deadline date;
- 75% of the project funds of any 2000 HOME grant have been drawn down by the application deadline date; and
- all grantee projects over two years old (FFY1999 grants) are completed and have a conditional closeout submitted prior to applying for additional funds

Emergency Shelter Grant Program

The 10 regional Human Resource Development Councils receive 95 percent of the funds allocated under this program. Funds are distributed based on a formula allocation contained in ARM 53-10-502 pertaining to the Community Services Block Grant. This allocation reflects areas of poverty and general population.

Treasure State Endowment Program

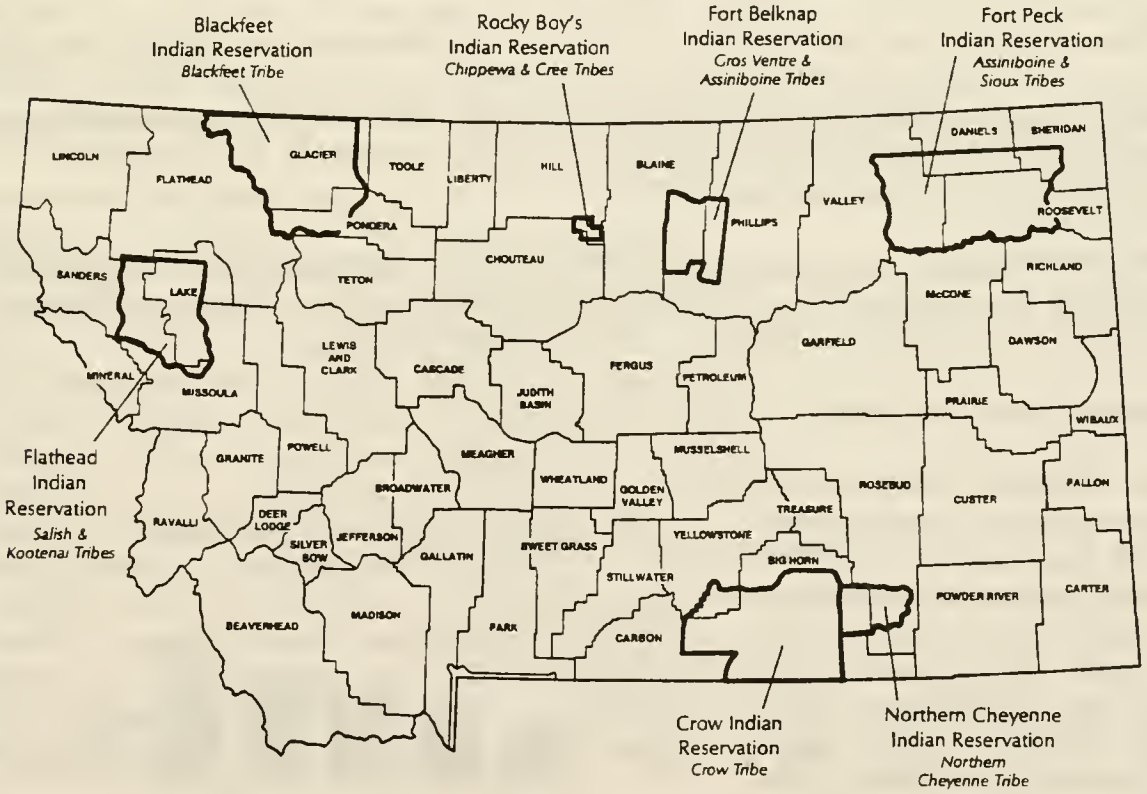
Eligible applicants for the TSEP program include any incorporated city or town, county, consolidated government, tribal government, and county or multi-county water, sewer or solid waste management district. Construction grants typically require a match of at least 50 percent of the project costs, however, the match can include other grants. Applicants are limited to requesting a maximum of $500,000 for construction grants. Grants for preliminary engineering are limited to $15,000 and also require a 50 percent

match, but the match must be local funds. Grants for emergency projects are limited to $30,000 and the applicant is expected to expend any of its own financial resources first.

MINORITY POPULATIONS

Montana has a significant Native American population comprising the second largest segment of the population, 6.2 percent. The Hispanic and Asian populations total 2.5 percent, and the Native Hawaiian and Other Pacific Islander population totals 0.1 percent. The Black population in Montana is very small with 0.3 percent, with the greatest area of concentration in Cascade County.[8]

The majority of Native Americans reside on Montana's seven Indian Reservations located throughout the State (see map). For example Glacier, Big Horn, Roosevelt and Blaine counties have the largest number of Native American residents: Glacier County - 62 percent; Big Horn County - 60 percent; Roosevelt - 51 percent; and Blaine County - 45 percent. Other counties with relatively large percentages of Native American residents are Rosebud, Lake, Hill, Chouteau and Pondera.[9]



[8] U.S. Census Bureau, Washington DC 20233, Released March 21, 2001. Compiled by: Census and Economic information Center, Montana Department of Commerce.

[9] U.S. Census Bureau, Washington DC 20233, Released March 21, 2001. Compiled by: Census and Economic information Center, Montana Department of Commerce. Analyzed by MDOC Housing Division.

Applications are received from all areas of the State, including areas of concentrated minority populations in towns and counties located in Montana Native American Reservations. All applications are ranked according to program ranking criteria, and funds are distributed for projects that meet the greatest need in Montana.

HOMELESS AND OTHER SPECIAL NEEDS

Homeless

Breaking the long-term cycle of homelessness, tempered by short-term shelter, cannot be accomplished by building more shelters or facilities alone. Real help is enabling the homeless to rely on themselves. Besides a lack of shelter, homelessness involves a variety of unmet physical, economic, and social needs. A comprehensive, coordinated system of homeless assistance is comprised of a wide array of services, tools, and opportunities for the homeless. Homeless services will include a prevention strategy and will help the homeless in stages—to take them from an emergency shelter to permanent housing. The first stage involves emergency shelters. Here the homeless are provided with immediate shelter and assessed in order to identify an individual's or family's needs.

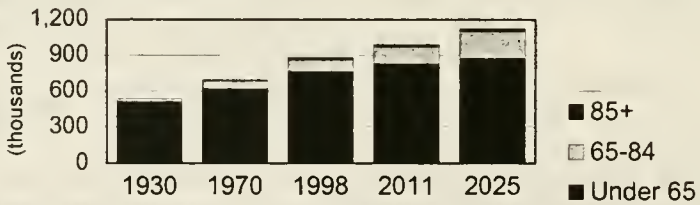
The second stage offers transitional housing and necessary social services. Included in these services are mental health and substance abuse counseling, vocational rehabilitation, education, family support, child care, independent living skills training, job training and placement, and employment opportunities where the homeless can both acquire and put to use new work skills.

The final stage is permanent housing or permanent supportive housing arrangements. While all three stages may not be needed by everyone, the community will have them available as part of the coordinated, comprehensive plan.

Elderly and Frail Elderly

In Montana, the elderly demographic transformation over the next several years raises concerns about future implications for state and federal governments. The increase in Montana's aging population will have significant implications for the State. Currently 13.3% of Montanans are over age 65. Approximately 1.7% of Montanans are over age 85. The total population of

Projected Growth in State Population
1930 - 2025



	1930	1970	1998	2011	2025
85+		6.216	14.788	21.226	26.262
65-84	26.7	68.736	102.14	143.01	224.27
Under 65	510.91	619.46	762.61	828.33	876.01

Projections from U.S. Census Bureau

Montana grew approximately one-third of one percent between 1998 and 1999, as did the sixty-five and older age group. Interestingly, the "65 to 84" age group decreased by approximately 1/5 of one percent, while the 85 and older age group grew at 3.6%. Montana ranks 6th highest in the nation for percentage of population over age 50, 20th in the nation for percentage of population over age 65, and 19th in the nation for population over age 85. [10] Between now and year 2025 Montana will experience one of the most dramatic demographic transformations in its history. With the aging of baby boomers and increased longevity, Montana will become a significantly older community.

The lack of affordable housing is a problem for many of Montana's senior citizens. Housing prices in Montana continue to rise, making it more difficult for individuals to afford their own homes. The gap between Montana's lower income citizens, and access to affordable housing is widening.

In addition, individuals 80 and older require more health services and/or assisted living facilities. The demand for assisted living is determined by the size of the elderly population in need of assisted services, the level of income available to the senior, and other types of senior living arrangements available to the person. Montana's low-income elderly population has the greatest need for, and the least capability for purchasing the assisted living services. As the elderly population grows, so will the need for such facilities in the State.[11]

Persons with Disabilities

Persons with disabilities require supportive services in conjunction with the provisions of affordable housing. Those persons with non-mobility related disabilities often require extensive special services, particularly those that are chronically homeless, chemically dependent or mentally disabled. The number of adults with severe and disabling mental illness in Montana is estimated to be 36,920 (Montana DPHHS). These individuals experience ongoing daily functioning difficulties because of their

SPECIAL NEEDS/ NON-HOMELESS SUMMARY TABLE[12]
STATE OF MONTANA – FIVE YEAR PLAN 2001 - 2005

SUB-POPULATIONS	Priority Need Level High, Medium, Low, No such need
ELDERLY AND FRAIL ELDERLY	M
VETERANS	M
PERSONS WITH DISABILITIES	
SEVERE MENTAL ILLNESS	M
DEVELOPMENTALLY DISABLED	M
PHYSICALLY DISABLED	M
PERSONS WITH ALCOHOL/OTHER DRUG ADDICTION	M
PERSONS WITH HIV/AIDS	M
PERSONS WITH TUBERCULOSIS	M
TOTAL	M

[10] The State of Aging in Montana, 2000 Annual Update: Report Summary, MT Dept of Public Health & Human Services, Senior & Long Term Care Division

[11] *The Montana Assisted Living Study*, Demand for Assisted Living, October 1996.

[12] The State has determined a "medium" need at the statewide level. It is up to each locality to determine its own area(s) of highest need.

illness. Many individuals are unable to work due to their profound disabling illness, and the vast majority relies upon Social Security Income (SSI), or Social Security Disability Income (SSDI) and other public entitlement programs for their financial support. SSI income in Montana currently is a maximum of $545 per month ($6,540 annual- Social Security Administration).

In addition, 11,415 children and adolescents with serious emotional disturbance are estimated to live in Montana (Montana DPHHS). Many of these children require specialized out of home residential care. Many Montana children are sent out of state due to a lack of specialized residential services to meet their needs related to their emotional disturbance. Montana children mental health service providers could access housing resources to help address this shortage.

People with serious disabling mental illness are served through mainstream subsidized housing programs throughout Montana, but are most strongly impacted by the general shortage of affordable housing in many communities in Montana. Efforts by people with mental illness to find decent, stable, affordable, and safe housing are hampered by their very low fixed incomes, diminished daily living skills, stigma related to mental illness, difficulty presenting well to prospective landlords, lack of specialized housing services, and the general shortage of affordable housing. As a group, people with mental illness exhibit among the highest need for affordable housing in the state of Montana. People with mental illness have difficulty maintaining their housing without specialized supportive mental health services. Mental illness remains one of the leading contributors to homelessness in Montana.

In addition, many adults with serious disabling mental illness can only maintain a living arrangement with close, ongoing supervision and support of mental health service providers. Specialized housing and community living programs for people with mental illness are limited in number and are offered in only a few communities in the State. A significant need exists for a continuum of specialized supportive housing opportunities for people with serious disabling mental illness distributed throughout communities across the state of Montana. This need for continuum of supported housing ranges from group home to supported apartment living to specialized residential programs for people experiencing difficulties related to both mental illness and substance abuse. These specialized supportive housing programs linking appropriate housing to necessary supportive mental health services offer the best opportunity for stable, successful community living for people with serious disabling mental illness.

Homelessness and inadequate living arrangements are frequently associated with adults with severe and disabling mental illness (SDMI). Persons with SDMI need a variety of housing options ranging from supervised group living to independent home ownership. In order to assure an opportunity for these individuals to actually achieve a "home", regardless of the nature of physical structure, it is also essential that mental health agencies offer rehabilitation and support services to assist the consumer in successful participation in the community.

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

The Intergovernmental Human Services Bureau of the DPHHS, part of a three-state partnership (Montana, North and South Dakota) that received a national competitive three-year grant for $1.3 million to provide housing and supportive services for people living with AIDS/HIV. The grant will provide tenant-based rental assistance, emergency assistance and housing coordination services to an estimated 70 individuals living with AIDS/HIV and their families. In Montana, the services will be provided through the Missoula AIDS Council and the Yellowstone AIDS Project.

CONTINUUM OF CARE

The Montana Continuum of Care (CoC) for the Homeless Coalition is a statewide collaboration of diverse homeless service providers, nonprofit organizations, and Local and State governments. The coalition was formed to address homelessness with very few resources to cover a vast geographical area. The system is predicated upon community and regionally based continuum of care systems, which form the statewide coalition and continuum of care process.

The CoC mission is to maximize the resources that can be brought to bear in overcoming homelessness, to collectively direct the most efficient use of limited resources and to promote a unified system of outreach, referral, information sharing, planning and service. The CoC participants share the benefit of leveraging each other's resources and efforts to provide increased and coordinated services to all homeless across the State.

Participation in the statewide coalition is open to anyone interested and new members are continually encouraged and recruited. Participants last year included representatives from local and state government, public housing authorities, regional human resource development councils, other non-profit organizations representing homelessness, housing and service providers, emergency shelters, domestic abuse shelters, veterans organizations, and mental health centers.

The CoC identifies, prioritizes and supports projects and activities that enhance the integration and coordination of homeless services in Montana. Each community is encouraged to develop a local continuum in response to specific needs. Based on the local continuum, potential projects are identified and presented to the coalition. The group constructively critiques each project and provides comments and suggestions such as other possible funding sources and leveraging avenues. Projects are also critiqued based on the needs of the community and the integration of the project in relation to the overall statewide CoC. The coalition operates on consensus-based decision-making to identify projects most needy and worthy of support. The CoC then prepares a single, coordinated application in response to the Notice of Funding Availability for Shelter Plus Care and Supportive Housing.

CONTINUUM OF CARE: Gaps Analysis--2001					
		Estimated Need	Current Inventory	Unmet need/Gap	Relative Priority
	Individuals				
Beds/Units	Emergency Shelter	288	442	-154	L
	Transitional Housing	366	281	88	H
	Permanent Supportive Housing	218	140	78	M
	Total	**872**	**863**	**9**	
Supportive Services Slots	Job Training	377	28	349	L
	Case Management	370	213	157	M
	Substance Abuse Treatment	215	99	118	H
	Mental Health Care	379	221	158	H
	Housing Placement	511	230	281	L
	Life Skills Training	370	189	181	H
Sub-Populations	Chronic Substance Abuse	213	195	18	M
	Seriously Mentally Ill	379	325	54	H
	Dually-Diagnosed	102	111	-9	M
	Veterans	178	118	60	M
	Persons with HIV/AIDS	7	6	1	L
	Victims of Domestic Violence	78	79	-1	M
	Youth	53	102	-49	M
	Persons in Families With Children				
Beds/Units	Emergency Shelter	264	233	31	L
	Transitional Housing	463	125	338	H
	Permanent Supportive Housing	375	56	319	M
	Total	**1,102**	**414**	**688**	
Supportive Services Slots	Job Training	206	11	198	L
	Case Management	165	156	9	M
	Child Care	108	60	48	L
	Substance Abuse Treatment	89	66	23	H
	Mental Health Care	113	42	71	M
	Housing Placement	249	249	0	L
	Life Skills Training	165	75	90	M
Sub-Populations	Chronic Substance Abuse	89	230	-141	H
	Seriously Mentally Ill	113	126	-13	H
	Dually-Diagnosed	28	48	-20	M
	Veterans	25	41	-16	L
	Person with HIV/AIDS	2	4	-2	L
	Victims of Domestic Violence	78	128	-50	H

The continued role of the statewide Continuum of Care is critical in meeting the needs of the homeless population in Montana. The coalition has formulated the following actions to promote and guide the group's work plan:

- Continue to conduct an annual statewide survey to count and assess homeless needs;
- Collect, analyze, publish and distribute survey findings;
- Conduct a minimum of four meetings annually with at least one regional meeting in eastern Montana;

- Continue to explore options for initiating a statewide uniform intake and referral system;
- Use technological and other resources to more efficiently and effectively identify needs and characteristics of homeless sub-populations;
- Incorporate homeless prevention into advocacy efforts;
- Use the Montana CoC to secure and leverage other funding, particularly from foundations for the ongoing support of the coalition activities; and
- Contribute to the annual update of the State Consolidated Plan.

ADDRESSING LEAD BASED PAINT HAZARDS

MONTANA'S CHILDHOOD LEAD POISONING PREVENTION (CLPP) PROGRAM

Montana CLPP will continue to assess the prevalence and incidence of lead exposures of young children in Montana by monitoring blood lead levels. Counties have been evaluated for risk according to poverty statistics of young children and the amount of older housing and the general condition of the housing. Review of this information indicates an appropriate method to reach children living in pre-1950 housing is to access children enrolled in the Special Supplemental Nutrition Program for Woman, Infant, and Children (WIC). Specifically, children whose income levels are below the threshold for eligibility in the Medicaid Program will continue to be assessed. Due to reductions in funding for screening services, only screening of individuals with Medicaid or another private source of funding qualify for the test.

The Montana Department Public of Health and Human Services and Montana CLPP recognize that local health care providers are the most conscious of health care needs and resources in their communities. Grant funds continue to allow for surveillance of CLPP activities but have also reduced the number of contractual relationships with communities/regions from 10 to 4 and have also reduced the funding available to each community. After June 30, 2002, Centers for Disease Control (CDC) grant funding of activities will cease and only locally-funded projects and State surveillance (data collection) will continue.

NEW LEAD-BASED PAINT REGULATIONS, TITLE X, SECTION 1012/1013

A Lead-Based Paint Task Force, developed in the spring of 2000, continues to address the issues surrounding the new Department of Housing and Urban Development (HUD) lead-based paint regulations for pre-1978 homes, known as Title X, Section 1012/1013, that went into effect on September 15, 2000. The Task Force initially identified a lack of capacity of certified personnel in the State to meet the new lead-based paint regulations as its number one priority.

The Task Force, in a cooperative effort with the Montana State University Extension Service, hosted two HUD/EPA approved lead-based paint certification training sessions, through the University of North Dakota (UND), in August and November 2000. UND is one of only two trainers certified to train in Montana. The primarily rural nature of Montana creates vast areas where certified personnel will be either unavailable or too costly to perform lead-based paint activities.

Lead-Based Paint Regulation Compliance Capacity in Montana (September 2001)

Type of Assistance	Notification	Visual Inspection	Risk Assessment	Clearance	Interim Controls	Abatement
Housing Rehabilitation	Yes	Yes	No	No	No	No
Rental Assistance	Yes	Yes	No	No	No	No
Homebuyer's Downpayment Assistance	Yes	Yes	No	No	No	No
Acquisition	Yes	Yes	No	No	No	No

Although Montana has made considerable advancement toward securing certified Inspectors, Risk Assessors, Supervisors and Workers, none of the programs in Montana is fully prepared to meet lead-based paint compliance regulations. The Task Force continues working with both the State and Entitlement cities in a cooperative effort to gain the capacity needed to address lead-based paint activities related to the new regulations.

ACTIONS FOR THE PLAN YEAR

No single approach or unique priority fits all regions of Montana equally well. Acceptably addressing the range of severe needs, while allocating resources equitably, makes for a complicated housing and community development policy agenda. Nevertheless, Montana is committed to moving forward with a concrete set of objectives.

PROGRAM OBJECTIVES

Housing

- Relieve the shortage of available housing stock;
- Increase the stock of affordable rental units, especially assisted units;
- Promote resources available to build affordable housing units;
- Increase ability of low and moderate-income households to buy homes;
- Increase resources to finance housing maintenance and improvements;
- Simplify housing assistance programs;
- Increase energy efficiency in Montana's housing stock;

- Increase assisted living housing for the elderly and physically and mentally disabled;
- Increase group living and homeownership opportunities for persons with severe and disabling mental illness (SDMI);
- Decrease housing environmental hazards, such as lead-based paint or asbestos;
- Allow local communities to identify their own need and develop their own initiatives;
- Continue ability of MDOC to provide technical assistance;
- Increase the supply of affordable rental units and for-purchase homes;
- Continue to encourage homeownership training at the local level;
- Increase awareness of and monitor the level of predatory lending practices;
- Affirmatively further fair housing: implement actions identified in the Analysis of Impediments to Fair Housing; and
- Evaluate applications from eligible participants based on the identified needs of the community, which may include a combination of job training or other welfare reform goals, along with housing goals.

MONTANA HOUSING PRIORITY NEEDS SUMMARY [13] STATE OF MONTANA - FIVE YEAR PLAN 2001 – 2005 HOUSEHOLDS			
Tenure	**Household Type**	**MFI Range**	**Priority Level H,M,L,None**
Renter	Small Related	0-30%	H
		31-50%	H
		51-80%	M
	Large Related	0-30%	H
		31-50%	H
		51-80%	M
	Elderly	0-30%	H
		31-50%	H
		51-80%	M
	All Other	0-30%	H
		31-50%	H
		51-80%	M
Owner		0-30%	H
		31-50%	H
		51-80%	H
Special Populations		0-80%	H
Total Goals			

[13] The State has determined these priorities at the statewide level. It is up to each locality to determine its own area(s) of highest need.

Homelessness

- Secure available resources for persons requiring supportive and transitional services;
- Assist persons requiring supportive and transitional services to achieve permanent housing;
- Assist in meeting the supportive services needs for the homeless;
- Assist in increasing capacity and counseling services for runaway youth;
- Assist in securing stable funding sources for existing homeless facilities and services; and
- Continue to support the statewide continuum of care strategy to ensure emergency, transitional and permanent housing.

Economic Development

- Increase viable economic development projects that promote investment of private capital, expansion of local tax bases, and creation of permanent year-round jobs principally for low and moderate income Montanans;
- Increase economic activity which adds value to a product through manufacturing, refining, processing or packaging, especially those activities that involve Montana's natural resources;
- Increase economic activity which creates new wealth in Montana by selling the majority of its products outside of Montana, by effectively substituting goods previously produced outside of Montana with goods produced in Montana, or by distributing Montana-made goods;
- Increase service companies such as consulting, engineering, or other companies that sell their services predominantly (greater than 50%) outside of Montana;
- Allow local communities to identify their own needs and develop their own initiatives;
- Assist businesses and communities in achieving prosperity through various state and federal programs;
- Assist new and expanding businesses with employee training needs through customized labor training grant funding;
- Assist micro-enterprise development through technical assistance grant funding;
- Assist communities and small businesses participating in the state rural outreach program for Small Business Innovation Research/Small Business Technology Transfer programs; and
- Place a high consideration on funding companies that create jobs that pay at least $11.00 per hour in salary or salary plus benefits.

Infrastructures and Public Facilities

- Provide Planning Grants necessary to get a project under way, or to conduct other important community planning activities such as preparing or updating a comprehensive plan or growth policy, preparing a neighborhood redevelopment plan, a comprehensive plan or growth policy, capital improvement plan, or similar planning processes needed to help a community address critical needs. The preparation or updating of community comprehensive plans or growth policies must be consistent with the requirements of Senate Bill 97, passed by the 1999 Montana Legislature.
- Continue to provide technical assistance to communities; and
- Fully award all CDBG public facility funds.

NON-HOUSING COMMUNITY DEVELOPMENT PRIORITY NEEDS SUMMARY TABLE[14]
STATE OF MONTANA - FIVE YEAR PLAN 2001 – 2005

PRIORITY COMMUNITY DEVELOPMENT NEEDS	PRIORITY NEED LEVEL High, Medium, Low, No Such Need	ESTIMATED DOLLARS NEEDED TO ADDRESS (IN MILLIONS)	ANTICIPATED DOLLARS AVAILABLE TO ADDRESS IN FISCAL 1996 (IN MILLIONS)
INFRASTRUCTURE IMPROVEMENT	**H**		
Solid Waste Disposal Improvements	H		
Waste Water Needs	H		
Water System Improvements	H	**$1,612**	
Other Infrastructure	M		
PUBLIC SERVICE NEEDS	**M**		
PLANNING	**M**		
OTHER COMMUNITY DEVELOPMENT NEEDS	**M**	**$1,045**	
Lead Based Paint/Hazards	M		
ECONOMIC DEVELOPMENT NEEDS	**H**	**$2,619**	
TOTAL PRIORITY NON-HOUSING COMMUNITY DEVELOPMENT NEEDS	**M**	**$5,276**	**$6.5**

Location, Growth and Provision of Infrastructure to Serve Affordable Housing

Decisions as to where new housing growth will occur, whether occurring within the boundaries of our incorporated cities and towns or in outlying areas, have a great influence on the ability of Montana's local governments to provide infrastructure for and related services to new developments. One of the goals of the Montana Consolidated Plan is to analyze this aspect of housing affordability. A study is currently underway to look at where new housing growth is taking place in Montana. This information is being analyzed to determine what effect housing location has on Montana's' goals to provide affordable housing.

[14] The State has determined these priorities at the statewide level. It is up to each locality to determine its own area(s) of highest need.

The availability of an adequate infrastructure system is crucial to the success of efforts to provide affordable housing and livable communities for all Montanans. The need to provide safe drinking water, to treat wastewater, to accommodate storm water runoff, to construct streets and sidewalks, and to provide all the other components of public works must be available to make a community livable, as well as affordable. The extent to which the cost of this infrastructure must be borne, either directly or indirectly, by a homebuyer rather than by the community at large plays a significant role in determining the sale price of a home.

State law provides encouragement for Montana local governments to develop policies related to community growth. The 1999 Montana Legislature updated an old tool for community development and land use planning – the comprehensive plan or master plan. Counties, cities, and towns have been authorized to adopt master plans, but under the new law, these plans (now termed "growth policies") must meet certain minimum requirements. The specific requirements for community growth policies are set forth in section 76-1-601 of the Montana Code Annotated. One of the key elements is the preparation of a strategy for development, maintenance, and replacement of public infrastructure.

One factor that complicates the provision of infrastructure is that many Montanans have chosen to build homes outside of the boundaries of incorporated cities and towns, which have historically supplied the infrastructure and accompanying services for new homes built within the State. Increasingly, for a variety of reasons, most new housing is located in unincorporated areas outside city limits and towns. In many cases, the only vacant, developable lots available at an affordable price are located in outlying, unincorporated areas. County governments and special districts have now been thrust into new roles dealing with providing infrastructure for residential development that were earlier reserved for cities and towns, with all the accompanying financial challenges that go along with paying for the necessary public works.

How will this trend of new residential growth in unincorporated areas affect the ability to provide a wide variety of housing at an affordable price for all Montanans? The cost of infrastructure can add up to one-third of the purchase price of a home building site or lot. In some cases, when development occurs in outlying areas where land is initially cheaper and little community infrastructure is provided, homebuyers end up paying much higher transportation and commuting costs that end up, in effect, being hidden as a long term housing cost, in addition to the on-going monthly mortgage payment.

Communities that attempt to provide the infrastructure for new residences contiguous to existing development or that seek to encourage the "in-fill" of existing, vacant lots, in many cases are faced with the financial challenge of replacing aging infrastructure or sharing in the costs with developers to attempt to keep housing prices affordable.

PROGRAM SPECIFIC REQUIREMENTS

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Montana administers nonentitlement Community Development Block Grant (CDBG) funds through the Community Development and Business Resources Divisions of the MDOC. The CDBG program was established by the Federal housing and Community Development Act of 1974 and has been administered by the Montana Department of Commerce since 1982. The CDBG program is a federally funded competitive grant program designed to help communities of less than 50,000 population with their greatest community development needs. Eligible applicants are limited to general-purpose local governments. All projects must principally benefit low and moderate-income persons.

The primary objective of the CDBG program is to develop viable communities by providing decent housing and a suitable living environment, and by expanding economic opportunities for persons of low and moderate-income. Seventy percent of the funds must be used for activities that benefit low- and moderate-income persons.

The basic categories for local community development projects are housing, public facilities, and economic development. Some of the activities that can be carried out with CDBG funds include the acquisition of real property; rehabilitation of residential and nonresidential properties (including special facilities for the handicapped); construction of new, affordable housing (when sponsored by a non-profit organization); provision of public facilities and improvements such as water, sewer, or solid waste facilities or senior citizen centers; and assistance to for-profit businesses to promote economic development activities that will result in the creation or retention of jobs.

The total amount of CDBG funds requested by an applicant (or joint applicants) must not exceed the following ceilings:

Type of Grant	Ceiling
Housing	$500,000
Public Facilities	$500,000
Planning (Public Facilities & Housing)	$ 20,000
Economic Development	$400,000

Applicants should apply only for the level of funding necessary to carry out the project. Grant requests must be sufficient either by themselves, or in combination with other proposed funding sources to complete the proposed activities within 24 months from the date of the announcement of grant award by the Department. There are no minimum amounts required for CDBG requests, although requests under $100,000 generally are discouraged.

Type of Grant	Deadline
Public Facilities	May 2002
Housing	October 2002
Planning Grants	April 2002
Economic Development	Open Cycle

Applications must be delivered or postmarked on or before the deadline date. Applications for Economic Development assistance can be made at any time.

Ranking Criteria

Housing

Housing applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points, based on the following ranking criteria:

1.	Community Planning & Needs Assessment	150 Points
2.	Need for Project	150 Points
3.	Project Strategy and Community Efforts	200 Points
4.	Benefit to Low and Moderate income	150 Points
5.	Implementation and Management	150 Points
	TOTAL:	**800 Points**

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a housing application to be considered for funding is 550. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Public Facilities

Public facility applications will be evaluated according to the following criteria and may be assigned up to a maximum of 800 points:

1.	Community Planning & Needs Assessment	125 Points
2.	Need for Project	125 Points
3.	Project Concept and Technical Design	100 Points
4.	Community Efforts	75 Points
5.	Need for Financial Assistance	150 Points
6.	Benefit to Low and Moderate Income	100 Points
7.	Implementation and Management	125 Points
	TOTAL:	**800 Points**

Funds are awarded to the top-ranked applications until all funds are awarded. The minimum number of points for a public facilities application to be considered for funding is 450. Applicants not funded are encouraged to seek technical assistance from the program and to re-apply during the next funding cycle.

Economic Development

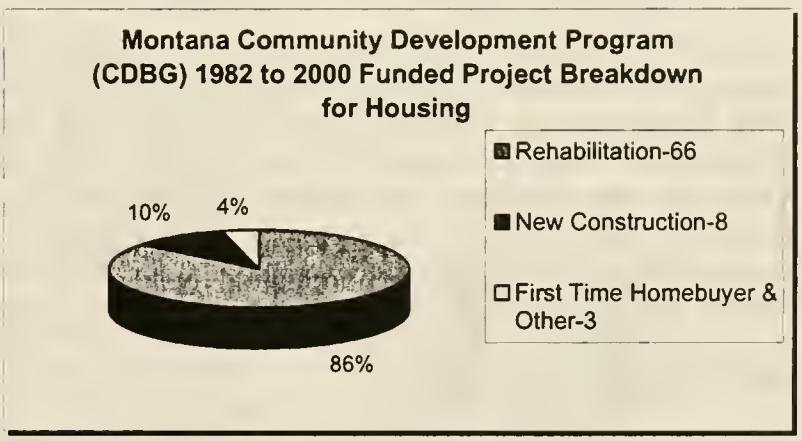
For-profit businesses applying to the CDBG program under the sponsorship of a local government must meet certain thresholds to be considered for funding. These are listed in the Application Guidelines of the CDBG ED Program. In addition, the community and business must demonstrate the following:

1. All thresholds are met or exceeded;
2. Management capacity;
3. Realistic historical and projected financial earnings;
4. Adequate security;
5. A sound, well-reasoned proposal;
6. Firm commitment of funds from private or public sector lenders;
7. Readiness to proceed;
8. The project will support itself over time;
9. The level of CDBG assistance is appropriate in relation to the public benefit expected from the project;
10. Meets a State of Montana economic development objective; and
11. The applicant has considered the quality of the job and the wage it pays. The loan review committee will place greater weight on job quality and wages paid when evaluating CDBG projects for funding.

Funds are awarded on a first-come, first-served basis, if the thresholds and underwriting criteria are met, until the funds run out.

Brief Description of the CDBG Program Categories

Housing Projects



For housing, CDBG funds are most often used to make low or no-interest loans or grants to low and moderate-income families to allow them to rehabilitate homes in substandard condition. In light of increasing energy costs, communities are encouraged to use CDBG funds to undertake energy conservation for housing owned or occupied by low- or moderate-income households. CDBG funds can also be used to finance or subsidize the construction of new

permanent residential units where the CDBG funds will be used by a local nonprofit organization. Housing projects can include site improvements to publicly owned land or land owned by a nonprofit organization to be used for new housing.

Transitional (temporary) housing is eligible under the housing category. The acquisition of sites for new housing and conversion of existing nonresidential structures for residential use are also eligible CDBG housing activities.

Over the past 19 years, CDBG has funded over 70 housing projects that equal more than $26 million in CDBG funds alone.

Public Facility Projects

For public facility projects, CDBG funds have been used to upgrade or undertake the new construction of dozens of community water and sewer systems and other public facilities. During the last several years, communities have also utilized the CDBG program to construct or rehabilitate senior citizen centers, centers for abused or runaway youth, Head Start centers, and public nursing home facilities.

Economic Development Projects

For economic development, Montana's CDBG program is designed to stimulate economic development activity by assisting the private sector, in order to create or retain jobs for low and moderate-income persons. CDBG funds are intended to be used in situations where a funding gap exists or alternative sources of public and private financing are not adequate. These funds are intended to complement conventional business financing and those of other federal programs such as the Economic Development Administration (EDA) and Small Business Administration (SBA). The program is also encouraged to complement the Department of Commerce programs for business assistance administered by the Business Resources Division, such as the Regional Development program and the state Micro Business Finance Program, as well as programs administered by the Montana Board of Investments.

The CDBG economic development program is designed to assist businesses by making appropriate long-term, fixed-rate financing available to them at reasonable interest rates with flexible terms. Typical eligible activities that fall within the CDBG economic development category include: land acquisition; public facilities, infrastructure, and other improvements in support of economic development, such as water and sewer lines, sidewalks, and access roads; loans for acquisition, construction, rehabilitation, or installation of commercial and industrial buildings, facilities, equipment, or working capital; employee training; and grants or loans from communities to nonprofit entities.

Monitoring

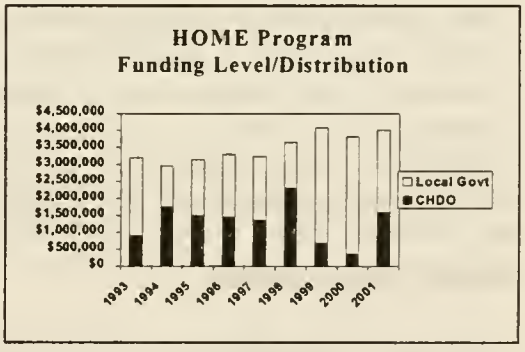
CDBG projects will be monitored on-site during the Plan Year. A basic requirement of the Montana CDBG program - Housing, Public Facilities and Economic Development is

that each project will be monitored by State program staff at least once. CDBG operates under a comprehensive monitoring system, meaning that all elements of the local CDBG project are reviewed in up to eleven different areas. Within each of these areas, staff completes an extensive checklist whereby each project element is reviewed for compliance with HUD and State program requirements. Following the monitoring visit, staff issues a formal letter to the chief elected official of the local government reporting on the monitoring visit, noting any "Concerns," "Questions of Performance," or "Findings", as may be applicable. Local governments are asked to respond promptly regarding any questions of performance or findings.

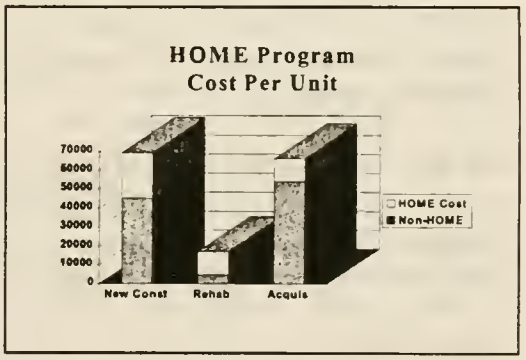
For CDBG economic development projects, the method of project monitoring has been modified in response to the many nonprofit community development organizations that are managing CDBG economic development loan funds for one or more local governments. More emphasis is placed on loan documentation and financial evaluation procedures, requiring more technical assistance from the state and other federal partners. A revolving loan fund (RLF) checklist has been developed for CDBG economic development projects that have received loan repayments. Loan fund managers can also use it as a reference guide. In addition, when appropriate, CDBG economic development projects may be monitored in areas only where performance problems are anticipated. Depending on the situation, not every CDBG project will be monitored, and a project may not have to be monitored in every element of compliance.

HOME INVESTMENT PARTNERSHIPS PROGRAM

The HOME Program, administered by the Housing Division, was established under the National Affordable Housing Act of 1990. The purpose of the program is to expand the supply of decent, safe, affordable housing for low and very low-income families.



The program allows a wide range of eligible activities, including tenant-based rental assistance (TBRA); assistance to homebuyers (downpayment and closing costs); property acquisition; new construction; reconstruction, relocation, and moderate or substantial rehabilitation; site improvements; and other activities to develop non-luxury housing.



All cities (excluding the entitlement cities of Billings and Great Falls), urban counties, contiguous units of local government, housing authorities, and Community Housing Development Organizations (CHDOs) are eligible to apply for HOME funds under the

program. A formula allocation of federal funds is distributed to each state and entitlement city. Fifteen percent of the funds are set aside for programs owned, developed, or sponsored by CHDOs. All HOME funds must assist families below 80 percent of the median income and are distributed on a competitive basis.

HOME Application Deadline:	July 1, 2002
HOME Award Date:	September 10, 2002
HOME Administration Workshop:	November 2002

The competitive application process helps to ensure that the funds are awarded to those programs providing the best response to local housing needs and that are consistent with the State's Consolidated Plan and the HOME Program requirements.

To assure that applications are evaluated consistently and fairly, all projects are evaluated against ranking criteria set forth in the Application Guidelines published each year. A project can score a maximum of 600 total points.[15] A project must achieve a minimum score of 300 points in order to be funded.

A. Planning, Needs Identification and Project Design	100 Points
B. Financial Management	200 Points
C. Capacity Determination	200 Points
D. Program Management	100 Points
Total Possible	**600 Points**

Funds are awarded to the top-ranked CHDO applications receiving a score of at least 300 points until the required 15% set-aside requirement is met. The balance of the funds is awarded to the remaining top-ranked projects achieving the minimum score, including any CHDOs not funded by the setaside, until all funds are allocated. If all funds are not awarded due to insufficient applications meeting the minimum funding threshold, the remaining funds will be awarded through a second round of competition or retained and allocated in the next funding cycle.

Match Requirement

Required contributions, or "match," for grantee applicants ranges from 5 percent to the federally mandated 25 percent of non-administrative HOME funds expended. Any balance of the match requirement is provided by MDOC funds and/or utilizing previous years' excess match. The matching funds must be used for HOME assisted or HOME qualifying projects.

As a rule, investment from State/local government or private sources will be eligible to qualify as a matching contribution. Eligible sources of match include: cash; the value of foregone interest, taxes, fees or charges by both public and private entities; value of donated land or real property; investments in on- or off-site improvements; bond

[15] The criteria may change based upon the 2002 HOME Program Guidelines yet to be determined.

financing; donated construction materials and voluntary labor. Federal funds (including CDBG funds) and owner financing/equity are ineligible match sources.

Period of Affordability

Period of affordability refers to the length of time HOME assisted units must remain affordable. Deed restrictions, covenants running with the land or other approved mechanisms will ensure the period of affordability, depending on the amount of HOME dollars invested per unit in the project. After the required affordability period, the property may be sold without HOME restrictions. The table below outlines the affordability periods.

Activity	Years of Affordability			
	5	10	15	20
New Construction or Acquisition of Newly Constructed Rental Housing (any $ amount)				X
Rehabilitation or Acquisition of Existing Housing, with HOME funds invested per unit as follows:				
Under $15,000	X			
$15,000 to $40,000		X		
Over $40,000 or Rehabilitation involving Refinancing (Rental Housing Only)			X	
Homeowner Rehabilitation	No period of affordability (placement of restrictions on sale or rental of rehabilitated property are appropriate, and recommended)			

Guidelines for Recapture or Resale

Based on the amount of HOME dollars invested, homebuyer assistance programs are subject to a period of affordability. In addition, sale of the property by the homebuyer during the period of affordability is subject to one of two options: resale restrictions or a possible recapture of the HOME subsidy.

The Resale provision provides for the initial property to remain affordable for the period of affordability.

The subsequent purchaser must be low-income and occupy the property as their principal residence. The seller of the initial property will receive a fair return on his investment, but the unit must also be "affordable" to the purchaser. This can be accomplished with a deed restriction with the right of first refusal or purchase.

The HOME investment subject to Recapture is based on the amount of HOME assistance provided and the affordability period on which it is based. Repayment of HOME proceeds at transfer of the property must be reinvested to assist another

homebuyer to obtain a home. The purchaser must also be a low-income household and occupy the property as a principal residence.

There are three acceptable methods of recapture:

1. Recapture the entire amount of the HOME investment, except that the amount may be reduced pro-rata based on the time the homeowner has owned and occupied the unit measured against the required affordability period.
2. The net proceeds may be divided proportionally if the funds are not sufficient to recapture the full HOME investment plus enable the homeowner to recover a portion of his or her investment.
3. If agreed upon, the program may allow the homeowner to recover all of his investment before recapturing the HOME investment.

Monitoring

All HOME projects will be monitored on-site. Monitoring includes determining compliance with housing codes and applicable regulations, assessment of affirmative marketing actions, outreach to minority and women owned businesses, and data on the amount and use of program income for projects, including the number of projects and owner and tenant characteristics. The Program Officer will specifically check administrative and project costs of HOME funds drawn on a minimum of 15 percent of the drawdown requests. HOME Program staff will also verify annual Income and Affordability certifications.

The HOME Program will monitor all projects completed during the program year in a timely manner. On-site visits of rental units are conducted based on the number of project units and a period of affordability. HOME staff will also verify Program Income reports during on-site visits.

EMERGENCY SHELTER GRANT PROGRAM

Emergency Shelter Grants (ESG), administered by the Intergovernmental Human Services Bureau, are to help improve the quality of existing emergency shelters for the homeless, make available additional shelters, meet the costs of operating shelters, and provide essential social services to help prevent homelessness. The grants are 100 percent funded by the U.S. Department of Housing and Urban Development. The 10 Regional Human Resource Development Councils (HRDCs) receive 95 percent of the grant funds. The Montana Department Public of Health & Human Services retains the remaining 5 percent for administrative costs. The grants fund the renovation, rehabilitation, or operating costs of homeless shelters, and the provision of follow-up and long-term services to help homeless persons escape poverty. Shelters assisted and services delivered are determined by the regional HRDCs.

The Montana Emergency Shelter program distributes funds based upon a formula allocation. The amount of funds allocated is determined on the basis of poverty and

general population in each service area, relative to the poverty and general population of the entire state. Funds are distributed to each Human Resource Development Council. All HRDCs will submit work plans, budgets, and reports outlining which of the allowable activities will be undertaken. The work plans must include how matching funds will be realized, and a certification of local approval verifying that budgets and work plans have been reviewed and approved by a representative of the respective jurisdiction. Each HRDC matches 100 percent of the funds received from ESG with local resources, primarily United Way funding and volunteer labor.

ESG funds provide medical services to homeless individuals and families, pay for hotel/motel rooms for homeless individuals, pay rent or mortgages for homeless families, and provide support groups, individual counseling, referral, advocacy and transport to homeless persons. Shelters use funds to pay rent or mortgages, pay utilities, buy furnishings, and pay for maintenance and operational costs of their facilities. ESG funds also pay security deposits on rent or utilities (or first month's rent) to enable homeless families to move into their own dwellings. The Department has elected to allocate its funding to the ten nonprofit HRDCs across the State.

Monitoring

ESG funds will be distributed to each Human Resource Development Council in Montana. The HRDCs submit annual work plans, budgets, and reports outlining which allowable activities will be undertaken. The Department of Public Health and Human Services enters into a contract with each HRDC. ESG staff monitors each HRDC onsite annually, following the work plan submitted and expenditures made to determine contract compliance.

SUMMARY OF CITIZEN PARTICIPATION
(for Plan Year April 1, 2002 – March 31, 2003)

The citizen participation process of updating the Consolidated Plan (CP) allows the public an opportunity to play an active role in how the State of Montana administers the HUD programs. The following recap of the public review process follows the Citizen Participation Plan dated March 2001, which covers the planning for the year beginning April 1, 2002.

The Montana Consolidated Plan Steering Committee and the Montana Department of Commerce utilize several options to encourage citizen participation in the preparation and review of the Montana Consolidated Plan, Annual Action Plan:

- Sending invitation letters, including an Executive Summary of the Annual Action Plan for public review, to a 1,000-plus member Consolidated Plan mailing list, which consists of individual citizens, local governments, public agencies, various interested non-profit organizations, and elected officials;
- Posting the citizen participation plan, and dates, times and locations of public meetings on the MDOC, Housing website at:

  http://commerce.state.mt.us/Housing/Hous_Home.html
- Posting the draft Annual Action Plan on the MDOC, Housing website;
- Posting of all Consolidated Plan supporting documents on MDOC, Housing website;
- Printing and providing hard copies of the Annual Action Plan;
- Conducting community meetings located across the State, usually held during the evening hours to allow further participation;
- Holding METNet meetings utilizing 6-8 satellite sites in key cities across the State;
- Recruiting assistance from program applicants and recipients at the local level to encouraging participation from low- and moderate-income persons in the planning process;
- Placing display advertisements in key newspapers located across the State announcing preparation or review of the AAP, and giving dates and locations of public participation meetings;
- Placing display advertisements in local newspapers in the communities hosting the public meetings;
- Running public announcements on local radio and television for public meetings; and
- Sending personal letters to local citizens, public officials, and local effected organizations for the public meetings and METNet meetings.

PUBLIC INPUT MEETINGS

In the spring, an informational letter was sent to the Consolidated Plan mailing list inviting individuals, agencies and organizations to participate in the preparation of the Montana Annual Action Plan for the year beginning April 1, 2002. Display advertisements were placed in key newspapers across the State asking for public comment, giving dates and locations of upcoming public input meetings.

Billings and Bozeman

On March 15, 2001 and May 8, 2001, two community input meetings were held – one in Billings, located in southeastern Montana, and one in Bozeman in the south central portion of the State. The meetings were held in the evening in conjunction with the HOME, CDBG, Board of Housing, and Rural Development annual application workshops, to encourage more participation in the planning process.

Turnout at the public meetings was good with eight attendees in Billings and 15 in Bozeman. Representatives from HOME, CDBG, Section 8, HUD and the Montana Board of Housing were present to answer questions and respond to public comments.

PUBLIC REVIEW MEETINGS

The draft Annual Action Plan (AAP) was released to the public in November 2001 announcing a public comment period through December 31, 2001. A packet, including an Executive Summary of the AAP, was sent to the 1,000-plus member Consolidated Plan mailing list. Display advertisements were placed in key newspapers announcing: the draft Annual Action Plan comment period, the document website address, where to obtain hard copies of the document, where to send written comments, and the date and locations of the video teleconference METNet meeting.

Plentywood, Lewistown and Choteau

Two community public review meetings were held in Plentywood and Lewistown from 7:00pm to 8:30pm on November 26 and 27, respectively. A third meeting was held in Choteau from 12:00 to 1:30 pm. Display advertisements were placed in the local newspapers, and public announcements ran on the local radio stations. Personal invitation letters were sent to local officials, public agencies, and interested citizens in the area.

The meeting gets underway in Plentywood

Attendance at the public review meetings was very good, with 15 citizens attending the meeting in Plentywood, nine attending in Lewistown, and five attending in Choteau. Representatives from the HOME and CDBG programs, the Board of Housing, and Section 8 were available to respond to audience questions and comments.

Attendees at the Lewistown meeting

METNet

A METNet video teleconference meeting was held on December 3, 2001 from 10:00am until noon. Display advertisements were placed in newspapers in all METNet site cities, inviting the public to attend the meeting. Local site hosts invited interested citizens, elected officials, public agencies and interested non-profit organizations.

Attendance at the meeting sites was good with many comments and questions on the different program activities. Again, representatives from the key programs were available to respond to questions and comments as necessary.

METNet site locations and attendance:

- Helena (7) -- *Host Site*
- Billings (4)
- Bozeman (1)
- Butte (1)
- Great Falls (3)
- Havre (4)
- Kalispell (2)
- Miles City (4)
- Missoula (12)

PUBLIC COMMENTS

Most of the comments and questions received at all the meetings surrounded the proposed HOME Program and the CDBG Program proposed changes. Copies of video tapes from the METNet meeting and audio tapes, transcripts and/or notes of the public input and review meetings are on file with the Montana Department of Commerce, Housing Division, 836 Front Street, Helena, Montana 59620. A recap of the comments concerning the HOME Program at the public meetings follows.

HOME Program Changes

1. Change Of Application Deadline

   The HOME Program will move the application deadline forward to July for 2002 and then to March for 2003. The HOME Program year begins April 1 and ends

March 31 of each year. The HUD allocation is generally available by April 30. The program is under a federally restricted timeline to have funds committed and spent within 24 months of the start of the program year. For HUD's purposes this means set-up and drawn down in the Integrated Disbursement and Information System (IDIS). This past year the HOME Program had to justify to HUD through contracts with our grantees, that the funds were committed within the 24-month periods. We could not, however, prove that funds had been spent within the 24-month period.

The HOME Program will move the application deadline forward to July 1, 2002. This will eliminate the several month delay in awarding grants and executing contracts.

- ***Comment:*** *The change of application deadline – favor. New deadlines are agreeable.*

- ***Comment:*** *The change to an earlier application date would certainly assist those parties that are utilizing tax credits as part of the funding for their projects. During the transition year 2002, I suggest that a "one-time" reduction be granted regarding the percentage of HOME funds needed to be expended in order to be eligible for submitting a new application. This would assure that communities that were on schedule with their projects would not be penalized due to the change in application date.*

  Response: *The HOME Program will move the application deadline forward to July 1, 2002. This will eliminate the several month delay in awarding grants and executing contracts.*

  Moving the application deadline forward three months may cause some alteration to Implementation Schedules. Even though all Grantees have advance knowledge of the July 1, 2002 application deadline, the HOME program will make changes to the Guidelines with respect to drawn down funds for applicant eligibility based on the following:

  - *Grantees with open 2001 grants must have **55%** of the project funds drawn down by July 1, 2002.*
  - *Grantees with open 2000 grants must have **75%** of the project funds drawn down by July 1, 2002.*
  - *All grantees with projects over two years old (FFY 1999 grants) must be completed and be conditionally closed out prior to applying for additional funds.*

- ***Comment:*** *The proposed move in 2003 to a March application deadline will still not provide either HOME or the grantees with the desired commitment and expenditure of funds during a 24-month timeframe. Application review, award, administration workshops and start-up activities*

will consume at least 3 months of that time period. I don't think there is an easy solution, but perhaps consideration should be given to a February deadline.

- ***Comment:*** *I concur with this proposed change 100%...By moving up your application deadline, HOME funds will be available for a project during the construction year of the award. This should also greatly enhance your grantees abilities to expend the funds in a timely fashion.*

  Response: *An ultimate six-month move in application deadline will make a difference to grantees who have a commitment to proceed with their projects in a timely manner. The proposed deadline for 2003 will be March 31, 2003.*

2. Change In Administration Costs

The HOME Program receives ten percent of the total yearly allocation for administration related costs. In the past, eight percent was awarded to grantees and the State of Montana HOME Program used two percent for administration. Last year, the ratio was changed to seven percent for grantees and three percent for the State HOME Program.

Each year, depending upon grant activity awards, the State HOME Program acquires additional long-term monitoring obligations. A "period of affordability" is imposed on all new construction, rental and homebuyer activities, with the State as the responsible enforcement entity. Federally required on-site monitoring visits occur every one to three years depending on the number of HOME assisted units in a project. The time and travel cost associated with each year's monitoring obligations has risen appreciably with the number of active, open grants. Each year the list of projects requiring on-site monitoring increases. Fifty-one of 123 grants awarded since 1992, or 41percent now require on-site visits.

In the past, the cost of administering the State HOME Program has always been subsidized by Section 8 reserve funds by approximately 31 percent. However, due to recent legislation, the Section 8 reserve fund has decreased and the HOME Program can no longer rely on continued help and must move toward becoming self-sufficient.

The HOME Program will eliminate "administration" costs for each project and allow grantees to use project dollars for administration related "soft costs" in an amount comparable to the housing activity. The percentage of "soft cost" will be directly related to the housing activity. Soft costs for a new construction activity will be limited to 8 percent of the HOME project cost, 10 percent for homebuyer assistance activity and 12 percent for rehabilitation activity. All future HOME funds requested must be connected to a specific housing address.

- ***Comment:*** *Change in administration costs-favor. Soft Costs have increased greatly.*

- ***Comment:*** *Your rational for the change is very sound. The only suggestion I have is that if a grantee has HOME Program Income funds available from previous activities that they be required to utilize the PI for administrative costs up the same rations you are proposing before being eligible to draw any PI from the grant funds*

  Response: *The HOME program will eliminate "administration" costs for each project and allow grantees to use project dollars for administration related "soft costs" as described above. HOME regulations provide guidance regarding administrative costs derived from program income funds. The HOME Program will issue further information on this issue.*

3. Program Income

Currently the HOME Program does not report Program Income within the HUD based Integrated Disbursement and Information System (IDIS). Based on HOME regulation §92.503, Montana state recipients may retain program income at the local level and use it for HOME eligible housing activities. The State HOME Program requires a Program Income Report from grantees on an annual basis. It is clear from the information received that some grantees neither understand nor follow the regulatory requirements associated with HOME program income. HUD has notified the State HOME Program that program income must be reported and tracked within the IDIS system.

The State HOME Program will require program income returned to the State for those entities that do not have a detailed Program Income Plan. Entities that have a viable, workable process to receive, spend and track program income may continue managing their own program income. The HOME Program will determine the completeness and appropriateness of grantee Program Income Plans.

- ***Comment:*** *Program income – favor. We presently have a Program Income Plan for some of our projects and complete a yearly report.*

- ***Comment:*** *If other HOME-eligible activities were paid for out of the program income that was attributable to the grantee (who ever that may be) how would the grantee or GAHF account for it?*

- ***Comment:*** *How will future grants account for program income when the future grant is not in the same category?*

- ***Comment:*** *If CDBG also put money into a program, can the beneficiaries be counted twice (once for each program) and the program income split when it is recaptured?*

- ***Comment:*** *Would you extend the time period for grant close-out if the additional work involved in expending the program income and the original grant allocation will require FY2000 grantees to go beyond the September 2002 completion date?*

- ***Comment:*** *HOME is specific in that program income must be utilized on other eligible housing activities. I believe a reasonable percent should be approved for administrative costs for future grant administration or on other eligible low-to-moderate income housing activities.*

  Response: *HUD regulations state that all program income must be accounted for through the Integrated Disbursement and Information System (IDIS). This means all program income must be tracked through an activity number expressly setup for a specific address.*

  Program Income does not differentiate between HOME-eligible activities. Grantees may clearly identify in their Program Income plans the specific activities for which the program income funds will be used. As long as the program income is received and expended in a timely manner the State will honor the grantee's Program Income Plan. Continued amounts of excess program income may result in recapture by the State of Montana HOME Program

  The HOME Program encourages grantees to use only one source of federal funds (CDBG or HOME) per activity. This will eliminate double counting of beneficiaries and making tracking of program income easier.

  HOME regulations provide guidance regarding administrative costs derived from program income funds. The HOME Program will issue further information on this issue.

4. Increased Maximum Project Amount

The HOME Program will increase the maximum grant amount to $500,000, including soft costs, for the FFY 2002 HOME grant competition. Additionally, for any year in which the HOME allocation received by MDOC exceeds $6 million, the maximum amount of grant award will be raised to $600,000 and metropolitan areas will be eligible to apply during the first round of funding. If HOME receives more than $6 million in one year, the maximum grant amount will be increased $100,000 for each million dollar increment over $6 million.

- ***Comment:*** *Increase maximum project amount-favor. Brings you in line with TSEP and CDBG project amounts.*

- ***Comment:*** *The old adage that water seeks its own level would certainly hold true if the decision is made to increase the maximum project amount. I would recommend that the maximum an eligible entity may apply for be $440,000 (which includes $40,000 in soft costs)* ***unless*** *the applicant can provide a firm commitment(s) of additional funds that would equal or exceed twice the required matching funds. In those cases, the applicant could request the $500,000 total, including soft costs*

  Response: *HOME will increase the maximum project amount as proposed above. The HOME Guidelines request that applicants clearly identify planning, need and capacity determination for each project. Applicants requesting more funds than needed may create a problem for themselves. Future funding may be jeopardized based on current determinations of financial need from the HOME Program. Applicants must be accountable in relation to the types and sizes of projects undertaken as well as the amount of HOME funds requested.*

We make every effort to ensure our documents are fully accessible to persons with disabilities. Alternative accessible formats of this document will be provided upon request. Please contact the Montana Department of Commerce at 406-444-0092, or TDD 406-444-2798.

MONTANA ACTION PLAN APPROVAL

U.S. DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT
ROCKY MOUNTAIN, DENVER
633 17TH ST.
DENVER, COLORADO 80202-3690

28 MAR 2002

RECEIVED
APR 02 2002
MBOH

Mr. Bruce Brensdal, Administrator
Montana Department of Commerce
Housing Division
836 Front Street
Helena, MT 59620

Dear Mr. Brensdal:

Congratulations! The State's 2002 Annual Action Plan is approved. Along with the approval of your plan, we are pleased to transmit to you the Fiscal Year (FY) 2002 Community Development Block Grant (CDBG) Number **B-02-DC-30-0001** funds in the amount of **$8,070,000**, HOME Grant Number **M-02-SG-30-0100** funds in the amount of **$4,618,000** and Emergency Shelter Grant (ESG) Number **S-02-DC-30-0001** funds in the amount of **$370,000**. The program year for the State of Montana begins on April 1, 2002.

Enclosed are the Grant Agreements and Funding Approvals (three copies for each CPD program), which constitute the contracts between the Department of Housing and Urban Development (HUD) and the State of Montana.

In order to establish your Line of Credit to reflect the FY 2002 grant, it will be necessary for you to execute and return two copies of the Grant Agreement for each program. In addition, if there is a need to delete or add individuals authorized to access the Voice Response System (VRS), a VRS Security Access Authorization Form (HUD-27054) must be prepared, notarized, and returned to this office with the Grant Agreement. Also if there is a need to establish or change the depository account to which these grant funds are to be wired, a Direct Deposit Sign-Up Form (SF-1199A) must be completed by you and your financial institution and mailed to this office.

Upon receipt of the executed Grant Agreements (two copies) and other forms required to increase your Line of Credit, HUD will transmit to you the assigned Voice Response project number for this grant.

You are reminded that there are restrictions on certain activities until you complete the Environmental Review Procedures for the CDBG, HOME and Emergency Shelter Programs (24 C.F.R. Part 58). Funds for such activities may not be obligated or expended unless the release of funds has been approved in writing by HUD. A request for the release of funds and certification (Form 7015.15) must be submitted to HUD. Appropriate forms can be found under HUDCLIPS on the web (www.hudclips.org). Certain activities identified in Part 58.34 may be considered exempt from the release of funds process and no written approval from HUD is necessary.

We additionally would like to remind you of your certification to further fair housing. This certification means conducting an analysis to identify impediments to fair housing choice within the jurisdiction, taking appropriate actions to overcome the effects of any impediments identified through that analysis, and maintaining records reflecting the analysis and actions in this regard. We also encourage continuation and expansion of your efforts to provide contracting opportunities to minority-and women-owned businesses in the implementation of your CPD program activities.

If you have any questions or desire assistance in connection with this letter or other items related to the CDBG Program, please contact Mrs. Judy Padgett, Community Planning and Development Representative, at (303) 672-5414.

Sincerely,

Guadalupe M. Herrera
Director
Community Planning and Development

Enclosures

cc:
Honorable Judy Martz
Governor of Montana
Room 204, State Capital
Helena, MT 59620-0801

Mr. Gus Byrom
CDBG Program Manager
Department of Commerce
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Helena, MT 59620

Mr. Newell Anderson
Administrator, Local Gov't Assistance
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1424 - 9th Avenue
Helena, MT 59620

Ms. Connie Onstad
Manager, HOME Program
Montana Department of Commerce
836 Front Street
Helena, MT 59620-0545

MONTANA
DEPARTMENT OF COMMERCE

Housing Division
PO Box 200528
Helena, MT 59620-0528

Phone (406) 444-3040
TDD (406) 444-2978

April 3, 2002

Ms. Guadalupe M. Herrera, Director
U.S. Department of Housing & Urban Development
Office of Community Planning & Development
Rocky Mountain Denver
633 17TH Street
Denver, CO 80202-3690

Dear Ms. Herrera:

Enclosed are two executed copies of Grant Agreements for the Home Investment Partnerships, Community Development Block Grant and the Emergency Shelter Grant programs. The agreements are for the State of Montana program year that began April 1, 2002

At this time there is no need to delete or add individuals authorized to access the Voice Response System nor is there a need to change the depository account to which these grant funds are wired. There have been changes to the contact people in Montana. Enclosed is an updated list of names and addresses for your records.

Thank you for your assistance, Montana is committed to effectively and efficiently administering the funds for eligible projects.

Sincerely,

Bruce Brensdal, Administrator
Housing Division

Enclosures

The Honorable Judy Martz
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